

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>Charter Township of Plymouth</u>	County Wayne
Audit Date December 31, 2005	Opinion Date April 17, 2006	Date Accountant Report Submitted To State: June 30, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>Plante &amp; Moran, PLLC</b>			
Street Address 27400 Northwestern Highway, P.O. Box 307	City Southfield	State MI	ZIP 48034-0307
Accountant Signature 			

# **Charter Township of Plymouth Wayne County, Michigan**

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## **Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2005**

Prepared by the Charter Township of Plymouth

# Charter Township of Plymouth

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# Charter Township of Plymouth

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# Charter Township of Plymouth

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April 21, 2006

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

We are pleased to submit the 2005 Comprehensive Annual Financial Report (CAFR) of the Charter Township of Plymouth, Michigan's for the year ended December 31, 2005. The responsibility for both the accuracy of the data presented and the completeness and fairness of the presentations, including all disclosures rest with the Township. This report has been prepared pursuant to, and in compliance with State of Michigan statutes which require the Township to publish within six months of the close of the fiscal year a complete set of financial statements, which are presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing principles. We believe the accompanying financial statements will be informative to a variety of users including residents, businesses, elected officials, intergovernmental partners, and other interested parties.

The Comprehensive Annual Financial Report (CAFR) is prepared by the Treasurer's Department and is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes the table of contents, this transmittal letter, the GFOA Certificate of Achievement, an organizational chart of Plymouth Township, a list of the Township's principal officials, summaries of personnel and labor agreements, and a fund organization chart. The Financial section includes the auditor's opinion from the accounting firm of Plante & Moran, PLLC, which performed an independent audit of the Charter Township of Plymouth, as well as the management's discussion and analysis, the basic financial statements, the combined financial statements, the notes to the financial statements, and additional information regarding the funds of the Township. The Statistical section contains pertinent selected financial and general information about the Township over the past ten years.

The Township's financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misrepresentation. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unqualified opinion that the Charter Township of Plymouth's financial statements for the year ended December 31, 2005 are fairly presented, in conformity with generally accepted accounting principles.

April 21, 2006

This transmittal letter is designed to introduce the financial report and provide information that would be useful in assessing the Township's financial condition. It should be read in conjunction with the management's discussion and analysis (MD&A), which provides a narrative introduction, overview, and analysis of the basic financial statements.

## **The Charter Township of Plymouth**

The Charter Township of Plymouth, located in western Wayne County in southeastern Michigan along the high technology corridor of I-275 and M-14, finds itself strategically situated approximately halfway between downtown Detroit and Ann Arbor. Plymouth Township prides itself with having one of the lowest overall tax rates in southeastern Michigan while providing necessary quality of life services, which citizens and businesses desire and demand.

Enhancing Plymouth Township's position close to the technology and research centers in Ann Arbor is recent census data provided by the United States Census Bureau designating Plymouth Township as having the highest income neighborhoods in all of Wayne County, Michigan. This, along with the educational level of community residents, provides a stabilizing influence, helping to define quality of life.

## **Local Economy**

The largest single revenue source for the Township is property taxes. The Township has maintained one of the lowest millage rates in Wayne County for a number of years. This was achieved due to rapid growth within the Township. The growth has subsided due to the economic conditions in the State of Michigan. Due to these circumstances, the Township requested and the voters approved a police/fire tax increase in 2005 of .5631 mills along with a millage renewal to support public safety services.

During the year, Plymouth Township saw the opening of Karmann Industries' manufacturing facility, the ground breaking for Robert Bosch Corporation (\$45 million), and was selected as one of two finalists for consolidating Comau Pico's operations (\$80 million). Even with this good news, the Township still has a number of vacant facilities due to the economic turndown. This has also led to a number of tax appeals.

Through the construction of Township facilities and the downturn in the economy, the Township has been able to maintain a reasonable fund balance. This has been achieved by reductions in staffing levels and continued prudent management of Township resources.

## **Factors Affecting Financial Condition**

### **Budgetary and Accounting Controls**

The Charter Township of Plymouth's board of trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Township's fiscal year is January through December. The annual budget is adopted by December for the subsequent year. The Township board of trustees adopts appropriations on an activity basis. Michigan law requires expenditures to be within budget at this level. Unexpended appropriations lapse at year end. The Township board of trustees must approve all budget amendments made throughout the year.

In maintaining and improving the Township's accounting and financial reporting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) reliability of financial records for preparing financial statements and maintaining accountability of Township assets. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived and (2) the valuation of the costs and benefits require estimates and judgments by management. Internal accounting controls will not provide absolute assurance.

### **Long-term Financial Planning**

As the Township is nearing complete build-out of the community, maintaining the infrastructure is a vital concern. In June 2004, the board of trustees saw the need to pass a five-year capital improvement plan to maintain and improve Township facilities and infrastructures. During 2005, the Township went forward with construction of a new water tower on the west side of the Township at an approximate cost of \$1.6 million. The Township also continued the sewer inspection and maintenance program that reviews and makes needed repairs every five years. In addition, replacement of household water meters began, which will replace approximately 5,000 meters over a four-year period. These programs are funded through the rates charged for water and sewer.

The Township started construction of new Township facilities in 2005. The cost of \$13.1 million was partially funded through the issuance of \$6 million in bonds in 2004. The remaining portion is being funded through the General Fund and Water and Sewer Funds. The 55,000 square foot facilities are expected to be completed in June 2006 and will be occupied by the general administration, police, and fire departments.

Since the enactment of the sidewalk repair program in 2000, the Township continues to repair and maintain sidewalks throughout the Township. Roads within the Charter Township of Plymouth are the responsibility of the County of Wayne. Due to Wayne County's financial circumstances, over the past years, residents have petitioned the board of trustees to repair or pave streets within the Township. Special assessment districts have been formed in order to complete this work. Residents are subject to a special assessment for these repairs or pavings.



## **Cash Management Policies and Practices**

The Township's investment policy includes the legal requirements for municipalities covered under Michigan Public Act No. 20 of 1943, as amended in December 1997. We maximize the use of funds and ultimately try to increase the return on our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Township assets. Our investment portfolio currently consists of authorized pooled funds and money market funds, in compliance with the Township's investment policy and Public Act 20, as amended.

## **Risk Management**

The Charter Township of Plymouth is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 315 State of Michigan local governmental units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, the Township has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$75,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA risk control staff.

## **Pension and Other Postemployment Benefits**

The Charter Township of Plymouth participates in both defined contribution and defined benefit pension plans that covers substantially all full-time employees. The defined contribution plan is through John Hancock Life Insurance. The defined benefit pension plan, which covers members of the COAM, POAM, IAFF, and four full-time employees of the Township, is with the Michigan Municipal Employees' Retirement System (MMERS). Required contributions are determined as a part of an annual actuarial valuation. The ratio of present assets to actuarial accrued liabilities as of December 31, 2005 is presented in Note 10 of the notes to the financial statement. The Charter Township of Plymouth also provides postretirement health care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 19 retired employees receiving these benefits. Additional information pertaining to the Township's pension and postemployment benefits can be found in Notes 9, 10, and 11 of the notes to the financial statements.

To the Board of Trustees  
Charter Township of Plymouth  
Wayne, County, Michigan

April 21, 2006

### **Awards and Recognition**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Plymouth for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the third consecutive year that the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of the fourth Comprehensive Annual Financial Report was made possible by the dedicated service of Deputy Treasurer Amy Hammye. Appreciation is also expressed to Supervisor Richard Reaume, Clerk Marilyn Massengill, Public Services Manager Tony Hollis, Information Services Manager Bob Janks, Administrative Assistant Carol Pyykkonen, and Human Resource Director Joann Coobatis for their contributions and assistance during the preparation of this report. They have our sincere appreciation for assisting in this effort.

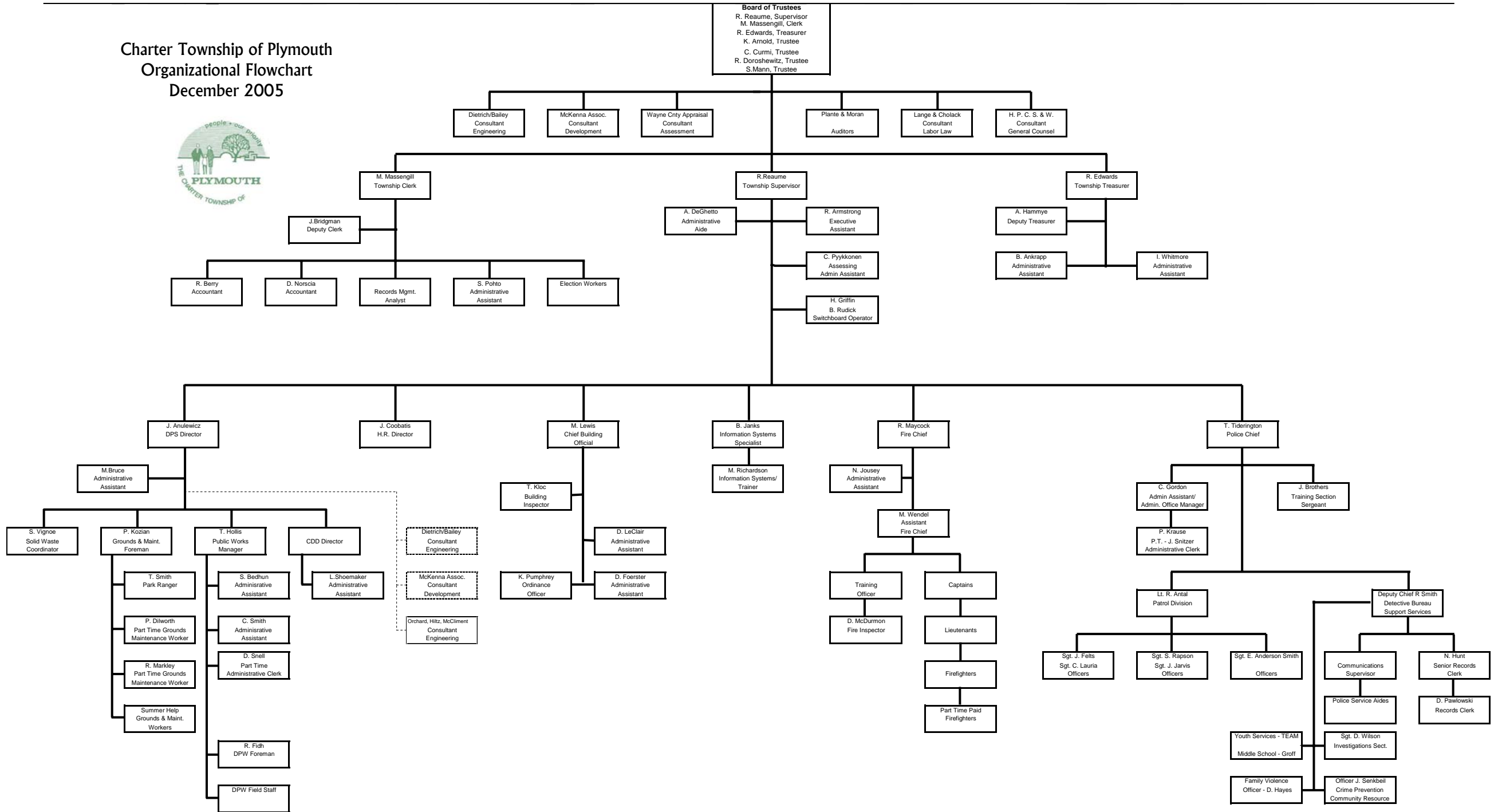
Sincerely,

A handwritten signature in black ink, appearing to read "Ron Edwards". The signature is fluid and cursive, with the first name "Ron" being more prominent than the last name "Edwards".

Ron Edwards  
Treasurer



Charter Township of Plymouth  
Organizational Flowchart  
December 2005



# Charter Township of Plymouth

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## List of Principal Officials

### Supervisor's Office

Supervisor  
Human Resource Director

Richard Reaume  
Joann Coobatis

### Clerk's Office

Clerk  
Deputy Clerk

Marilyn Massengill  
Joseph Bridgman

### Treasurer's Office

Treasurer  
Deputy Treasurer

Ron Edwards  
Amy Hammye

### Building Department

Mark Lewis

### Fire Department

Fire Chief  
Assistant Fire Chief  
Fire Marshal  
Emergency Manager

Randolph Maycock  
Mark Wendel  
Don McDurmon

### Information Services

Robert Janks

### Public Services Division

Director  
Department of Public Works and Parks  
Engineer  
Solid Waste/Recreation Coordinator  
Park Manager

James D. Anulewicz  
Tony Hollis  
Patrick Fellrath  
Susan Vignoe  
Phil Kozian

### Police Department

Police Chief  
Police Deputy Chief

Thomas Tiderington  
Robert Smith

# Charter Township of Plymouth

## Summary of Personnel Positions December 31, 2005

	Full-time	Part-time
<b>Supervisor's Office</b>	3	-
<b>Human Resources</b>	1	-
<b>Information Services</b>	2	2
<b>Assessing</b>	1	-
<b>Clerk's Office</b>	5	1
<b>Treasurer's Office</b>	3	1
<b>Building Department</b>		
Official's Office	3	-
Ordinance/Inspections	2	-
Facility Maintenance	1	-
<b>Department of Public Services</b>		
Director's Office	2	-
Waste Management	1	-
Community Development	1	-
Public Works	10	1
Parks	2	2
<b>Public Safety</b>		
Fire	29	6
Police	45	1
	<hr/>	<hr/>
Total employees	<u>111</u>	<u>14</u>

# Charter Township of Plymouth

## Labor Agreements December 31, 2005

Bargaining Unit	Expiration Date	Number of Employees
<b>Command Officers Association of Michigan -</b> Sergeants	12/31/08	7
<b>Police Officers Association of Michigan -</b> Represents police officers and dispatchers	12/31/08	32
<b>International Association of Firefighters -</b> Represents firefighters	3/31/06	26
<b>American Federation of State, County, and Municipal Employees -</b> Represents administrative assistant, facilities maintenance employees, building inspectors, and ordinance officers	12/31/08	30
<b>Teamsters -</b> Represents public works employees	12/31/06	7
Total		<u><u>102</u></u>

# Charter Township of Plymouth

## **Fund Organization Chart December 31, 2005 (Unaudited)**

<u>Fund Name</u>	<u>Fund Number</u>
<b>Governmental Funds</b>	
General Fund	101
Special Revenue Funds:	
911 Service	211
Improvement Revolving	246
Drug Forfeiture	265
<b>Proprietary Funds - Enterprise Funds</b>	
Solid Waste Disposal	226
Water and Sewer	592
Special Assessment District	805
<b>Fiduciary Funds - Trust and Agency Funds</b>	
Trust and Agency	701
Tax Collections	703





**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
Tel: 248.352.2500  
Fax: 248.352.0018  
plantemoran.com

## Independent Auditor's Report

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Plymouth's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Plymouth as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Plymouth's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

To the Board of Trustees  
Charter Township of Plymouth  
Wayne County, Michigan

The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Plante & Moreau, PLLC*

April 17, 2006

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis**

The Charter Township of Plymouth's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Township's financial activity, (3) identify changes in the Township's financial position, (4) identify any material deviations from the approved budget, and (5) identify individual fund issues or concerns.

The management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. Please read it in conjunction with the transmittal letter and the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2005:

- Property taxes, our largest revenue source, increased nominally over 2004. The slight increase is due to the rate of inflation factor under state law. The continuation of commercial properties disputing their taxable values and having them reduced has affected property tax revenue. Township voters approved a police/fire millage renewal and a police/fire increase. The increase will take effect in 2006.
- State-shared revenue, our second largest revenue source, was again reduced by the State of Michigan. The cumulative effect since 2002 is approximately \$2,500,000 in lost revenue. It is expected to continue to decline due to the economic condition of the State.
- Contributions from the City of Plymouth for fire and dispatch services were increased by \$39,644 over 2004. The Township has continued to control costs of these operations even with spiraling health care costs.
- Water and sewer operating loss is (\$355,035). The Township will seek a rate increase for the upcoming year due to the continue increases from Detroit Water and Sewer and Ypsilanti Township Utility Authority. The Township adjusted connection fees for both water and sewer during the year.
- The Township received a Certificate of Achievement for Excellence in Financial Reporting for its 2004 Comprehensive Annual Financial Report. This is the highest achievement a governmental unit is awarded.

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis (Continued)**

### **Township Highlights**

- The Robert Bosch Corporation broke ground in the fall on a multi-million dollar engineering and research center with an approximate value of \$45 million.
- Comau Pico Inc. selected Plymouth Township as one of two finalists for consolidating their operations. They are looking at investing over \$80 million in facilities and equipment.
- The Township completed the expansion of Friendship Station Senior Center. Community Block Grant funds were utilized for the expansion.
- The DDA improvements on Ann Arbor Rd. from Eckles to just west of Haggerty were completed in the fall.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

### Governmental Activities

Many of the Township's basic services provided to the community are included here. They are fire/paramedic service, police/dispatch service, parks, building, community development, and general administration. Most of the funding is provided by property taxes, state-shared revenue, charges for service, and agreements.

The following tables show, in a condensed format, the current year's net assets and changes in net assets, compared to the prior two years:

	2003	2004	2005	Change from Prior Year	
				in Dollars	Percent
<b>Assets</b>					
Current assets	\$ 14,579,000	\$ 18,563,000	\$ 16,724,000	\$ (1,839,000)	(10)
Investment in joint venture	786,000	786,000	495,000	(291,000)	(37)
Capital assets	9,708,000	11,597,000	15,238,000	3,641,000	31
Total assets	25,073,000	30,946,000	32,457,000	1,511,000	5
<b>Liabilities</b>					
Current liabilities	7,409,000	8,700,000	11,151,000	2,451,000	28
Long-term liabilities	1,973,000	7,896,000	7,631,000	(265,000)	(3)
Total liabilities	9,382,000	16,596,000	18,782,000	2,186,000	13
<b>Net Assets</b>					
Invested in capital assets -					
Net of related debt	8,379,000	8,342,000	8,079,000	(263,000)	-
Restricted	51,000	49,000	3,000	(46,000)	(94)
Unrestricted	7,261,000	5,959,000	5,593,000	(366,000)	(6)
Total net assets	<u>\$ 15,691,000</u>	<u>\$ 14,350,000</u>	<u>\$ 13,675,000</u>	<u>\$ (675,000)</u>	(5)

The Township's governmental activities net assets total approximately \$13.7 million. This is a decrease over 2004 of approximately \$.7 million. The most significant change in assets and liabilities were due to the construction of the new Township Hall/Police and Fire facilities. In addition, the investment in joint venture declined due to Township participation.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

	2003	2004	2005	Change from Prior Year	
				in Dollars	Percent
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 2,681,000	\$ 2,864,000	\$ 4,788,000	\$ 1,924,000	67
Operating grants and contributions	425,000	316,000	449,000	133,000	42
Capital grants and contributions	22,000	66,000	5,000	(61,000)	(92)
General revenue:					
Property taxes	5,560,000	5,642,000	6,028,000	386,000	7
State-shared revenues	2,170,000	2,049,000	2,030,000	(19,000)	(1)
Investment earnings	309,000	278,000	461,000	183,000	66
Cable franchise agreement	284,000	295,000	317,000	22,000	7
Golf course agreement	350,000	350,000	350,000	-	-
Total revenue	11,801,000	11,860,000	14,428,000	2,568,000	22
<b>Program Expenses</b>					
General government	2,114,000	2,438,000	2,278,000	(160,000)	(7)
Public safety	7,853,000	8,335,000	8,806,000	471,000	6
Building inspections	610,000	617,000	534,000	(83,000)	(13)
Planning and zoning	493,000	455,000	405,000	(50,000)	(11)
Public works	676,000	665,000	1,986,000	1,321,000	199
Community services	164,000	84,000	20,000	(64,000)	(76)
Parks	335,000	401,000	468,000	67,000	17
Interest on long-term debt	46,000	205,000	315,000	110,000	54
Investment in joint venture	-	-	291,000	291,000	100
Total program expenses	12,291,000	13,200,000	15,103,000	1,903,000	14
<b>Change in Net Assets</b>	<b>\$ (490,000)</b>	<b>\$ (1,340,000)</b>	<b>\$ (675,000)</b>	<b>\$ 665,000</b>	

The Township's total governmental revenues were approximately \$14 million, an increase of approximately \$2.6 million. The increase is attributable to charges for services, property taxes, and investment earnings. The charges for service of \$1.9 million were attributable to the new facilities. Property taxes increased by \$.4 million due to an increase in taxable value. Investment earnings increased by \$.2 million due to the economy and change in federal policies.

Expenses increased by 14 percent during the year, which is approximately \$1.9 million. The increase of \$1.3 million in public works is attributable mostly to the new facilities. In addition, increases in health care costs continue to be a concern of the Township. During 2005, health care increases (\$0.2 million) were approximately equivalent to the total wage increase of all employees (\$0.2 million). With projected 10 percent annual increases in health care, the Township will continue to seek cost reductions similar to 2005 contract settlements.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund, Solid Waste Disposal Fund, and Special Assessment Fund. We provide water to residents from the Detroit Water System. We provide sewage treatment through the Western Townships Utilities Authority, which collects sewage, equalizes it, and sends it to both the Detroit sewage treatment plant and the Ypsilanti Community Utilities Authority sewage treatment plant. The Special Assessment Fund was created to account for revenues and expenses for certain special assessments (road pavings and sidewalk repairs) requiring separate accounting and financing.

The following tables show, in a condensed format, the current year's net assets and changes in net assets, compared to the prior two years:

	2003	2004	2005	Change from Prior Year	
				in Dollars	Percent
<b>Assets</b>					
Current assets	\$ 13,896,000	\$ 15,396,000	\$ 13,386,000	\$ (2,010,000)	(13)
Investment in joint venture	38,512,000	38,763,000	39,301,000	538,000	1
Capital assets	<u>33,834,000</u>	<u>33,297,000</u>	<u>34,743,000</u>	<u>1,446,000</u>	4
Total assets	86,242,000	87,456,000	87,430,000	(26,000)	(0)
<b>Liabilities</b>					
Current liabilities	1,189,000	2,512,000	2,983,000	471,000	19
Long-term liabilities	<u>35,203,000</u>	<u>33,981,000</u>	<u>32,521,000</u>	<u>(1,460,000)</u>	(4)
Total liabilities	<u>36,392,000</u>	<u>36,493,000</u>	<u>35,504,000</u>	<u>(989,000)</u>	-
<b>Net Assets</b>					
Invested in capital assets -					
Net of related debt	33,834,000	33,297,000	34,743,000	1,446,000	4
Unrestricted	<u>16,016,000</u>	<u>17,666,000</u>	<u>17,183,000</u>	<u>(483,000)</u>	(3)
Total net assets	<u>\$ 49,850,000</u>	<u>\$ 50,963,000</u>	<u>\$ 51,926,000</u>	<u>\$ 963,000</u>	2

The Township's business activities net assets total \$51.9 million. This is an increase over 2004 of \$1 million. The increase is attributable mostly to water and sewer operations.

# Charter Township of Plymouth

## Management's Discussion and Analysis (Continued)

	2003	2004	2005	Change from Prior Year	
				in Dollars	Percent
<b>Program Revenue</b>					
Charges for services:					
Water and sewer	\$ 8,724,000	\$ 8,659,000	\$ 9,065,000	\$ 406,000	5
Rubbish	1,004,000	1,104,000	1,219,000	115,000	10
Special assessments	-	368,000	557,000	189,000	51
Capital contributions -					
Water and sewer	1,358,000	1,495,000	1,402,000	(93,000)	(6)
General revenue - Interest income	161,000	240,000	539,000	299,000	125
Total revenue	11,247,000	11,866,000	12,782,000	916,000	8
Program expenses:					
Water and sewer	9,169,000	9,131,000	9,955,000	824,000	9
Rubbish	1,136,000	1,169,000	1,196,000	27,000	2
Special assessments	-	453,000	668,000	215,000	47
Total program expenses	10,305,000	10,753,000	11,819,000	1,066,000	10
<b>Change in Net Assets</b>	<b>\$ 942,000</b>	<b>\$ 1,113,000</b>	<b>\$ 963,000</b>	<b>\$ (150,000)</b>	<b>(13)</b>

In 2005, business-type activities revenues totaled \$12.8 million, an increase of \$0.9. The increase is attributable to water and sewer operations (\$0.3 million), interest income due to federal policy changes (\$0.3 million), and special assessments for road and sidewalks (\$0.2 million). Expenses for business-type activities totaled \$11.8 million, an increase of \$1 million. The increase in water sales increased direct water and sewage costs by \$0.9 million while other expenses in water operations were reduced by \$0.1 million. In addition, the increase of \$0.2 million in special assessments expenses were attributable to Beacon Hill paving and sidewalk repairs.

### The Township's Funds

Our analysis of the Township's major funds begins on page 14 following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as specific property tax millages. The Township's major funds for 2005 include the General Fund, the Improvement Revolving Fund, Water and Sewer Fund, and Solid Waste Fund.



# **Charter Township of Plymouth**

## **Management's Discussion and Analysis (Continued)**

### **Governmental Funds**

#### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant changes were an increase in capital outlay expenditures of approximately \$1.1 million to fund the building of Township facilities and \$0.5 million for public safety. Township departments overall stayed below the final amended budget by \$0.75 million, resulting in total expenditures of \$13.8 million.

#### **Improvement Revolving Highlights**

The Township amended the budget during the year due to construction of the Township Hall facilities. The most significant changes were a sale of capital assets reduction of \$3 million of revenue due to the sale of current Township facilities being delayed, and the reduction of capital outlay expenditures of \$6.8 million due to the facilities being behind in construction.

### **Business-type Funds**

#### **Water and Sewer Fund**

The Water and Sewer Fund experienced a \$1 million increase in net assets. The increase is due primarily to (1) depreciation being a noncash expense, (2) continuing effective maintenance programs established by the Township, and (3) an increase in investment income.

#### **Capital Asset and Debt Administration**

##### **Capital Assets**

As of the year end, the Township had \$50 million invested in a variety of capital assets, including construction in progress, buildings, fire and police equipment, and water and sewer lines. This represents a net increase (additions less retirements and depreciation) of \$5.1 million, with the major addition being the construction of the new Township Hall facilities of \$4.1 million. Roads within the Township are accounted for and maintained by the County of Wayne. A summary of capital assets is presented on page 34 in Note 5 of the notes to financial statements.

##### **Debt Outstanding**

As of year end, the Township had \$41.1 million in debt outstanding, compared to \$42.5 million last year, a decrease of \$1.4 million. The major part of the decrease was due to the Township's payment of principal on outstanding water and sewer bonds of \$1.2 million.

A significant portion of the Township's debt (\$34 million) is attributable to business-type activities (water and sewer). A summary of debt is presented on pages 37 and 38 in Note 7 of the notes to financial statements.

# **Charter Township of Plymouth**

## **Management's Discussion and Analysis (Continued)**

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### **Economic Factors and Next Year's Budgets and Rates**

Southeastern Michigan is very dependent on the automotive industry. The financial difficulties that General Motors Corporation and Ford Motor Company are experiencing has had a ripple effect on their suppliers. The Township has many automotive suppliers located within the community. These suppliers have had to go through reorganizations and cost reductions to stay in business. This has led to property tax appeals and a reduction in community giving. Thus making it difficult to deliver basic services to the community when overall revenues are remaining stagnant.

The State of Michigan relies on various taxes and fees to provide governmental activities to their citizens. Local governments rely primarily on property taxes and state shared revenues to provide governmental activities to their citizens. For business-type (water and sewer, solid waste disposal, special assessments) and certain governmental activities (permitting, development) the user pays a related fee or charge associated with the service.

### **Contacting the Township's Management**

The Township's financial statements are designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability. If you have questions about this report or need additional information, we welcome you to contact the Township's Treasurer's office, 42350 Ann Arbor Rd, Plymouth, MI 48170.

# Charter Township of Plymouth

## Statement of Net Assets (Deficit) December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 8,943,254	\$ 11,036,826	\$ 19,980,080	\$ 139,786
Receivables - Net:				
2006 property taxes	4,696,209	107,916	4,804,125	296,171
Special assessments	-	1,373,475	1,373,475	-
Accounts	-	2,103,472	2,103,472	994
Other	286,654	216,811	503,465	-
Internal balances	1,501,087	(1,501,087)	-	-
Advances to Downtown Development Authority	759,178	-	759,178	-
Due from other governmental units	537,899	-	537,899	-
Prepaid costs and other assets	-	48,942	48,942	-
Investment in joint venture (Note 1):				
Western Townships Utilities Authority (WTUA)	-	39,300,981	39,300,981	-
35th District Courthouse Authority	495,000	-	495,000	-
Nondepreciable capital assets (Note 5)	8,584,125	2,565,944	11,150,069	-
Depreciable capital assets - Net (Note 5)	6,654,081	32,176,782	38,830,863	-
<b>Total assets</b>	<b>32,457,487</b>	<b>87,430,062</b>	<b>119,887,549</b>	<b>436,951</b>
<b>Liabilities</b>				
Accounts payable	1,968,151	1,424,668	3,392,819	93,491
Accrued and other liabilities	371,179	39,560	410,739	-
Unearned revenue (Note 4)	7,929,562	-	7,929,562	296,171
Due to other governmental units	53,915	-	53,915	52,280
Advances from Plymouth Township	-	-	-	759,178
Compensated absences:				
Due within one year	570,681	46,815	617,496	-
Due in more than one year	729,546	75,370	804,916	-
Long-term debt (Note 7):				
Due within one year	257,175	1,472,412	1,729,587	-
Due in more than one year	6,901,853	32,445,512	39,347,365	-
<b>Total liabilities</b>	<b>18,782,062</b>	<b>35,504,337</b>	<b>54,286,399</b>	<b>1,201,120</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	8,079,178	34,742,726	42,821,904	-
Restricted for drug enforcement	2,651	-	2,651	-
Unrestricted	5,593,596	17,182,999	22,776,595	(764,169)
<b>Total net assets (deficit)</b>	<b>\$ 13,675,425</b>	<b>\$ 51,925,725</b>	<b>\$ 65,601,150</b>	<b>\$ (764,169)</b>

# Charter Township of Plymouth

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions
		Services		
Primary government:				
Governmental activities:				
General government	\$ 2,278,495	\$ 123,847	\$ -	\$ -
Public safety:				
Police	4,204,011	260,179	211,798	-
Fire	3,625,384	986,341	-	-
Dispatching	975,780	440,622	-	-
Building inspections (Note 2)	534,144	969,448	-	-
Planning and zoning	405,182	157,965	-	-
Public works	1,986,167	1,850,000	-	4,500
Community services	19,827	-	235,660	-
Parks	467,973	-	1,875	-
Interest on long-term debt	314,741	-	-	-
Total governmental activities	14,811,704	4,788,402	449,333	4,500
Business-type activities:				
Water and sewer	9,954,632	10,466,441	-	-
Special assessments	668,435	557,350	-	-
Rubbish disposal	1,196,166	1,218,858	-	-
Total business-type activities	11,819,233	12,242,649	-	-
Total primary government	<b>\$ 26,630,937</b>	<b>\$ 17,031,051</b>	<b>\$ 449,333</b>	<b>\$ 4,500</b>
Component units:				
Downtown Development Authority	\$ 227,159	\$ -	\$ -	\$ -
Economic Development Corporation	-	-	-	-
Brownfield Redevelopment Authority	239,358	-	-	-
Total component units	<b>\$ 466,517</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenues:				
Property taxes				
State-shared revenues				
Investment earnings				
Cable franchise agreement				
Investment in joint venture - District Court				
Golf course agreement				
Total general revenues				
<b>Change in Net Assets</b>				
<b>Net Assets (Deficit) - Beginning of year</b>				
<b>Net Assets (Deficit) - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2005**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,154,648)	\$ -	\$ (2,154,648)	\$ -
(3,732,034)	-	(3,732,034)	-
(2,639,043)	-	(2,639,043)	-
(535,158)	-	(535,158)	-
435,304	-	435,304	-
(247,217)	-	(247,217)	-
(131,667)	-	(131,667)	-
215,833	-	215,833	-
(466,098)	-	(466,098)	-
(314,741)	-	(314,741)	-
(9,569,469)	-	(9,569,469)	-
-	511,809	511,809	-
-	(111,085)	(111,085)	-
-	22,692	22,692	-
-	423,416	423,416	-
(9,569,469)	423,416	(9,146,053)	-
-	-	-	(227,159)
-	-	-	-
-	-	-	(239,358)
-	-	-	(466,517)
6,027,556	-	6,027,556	396,430
2,029,620	-	2,029,620	-
461,314	539,040	1,000,354	2,981
317,242	-	317,242	-
(291,000)	-	(291,000)	-
350,001	-	350,001	-
8,894,733	539,040	9,433,773	399,411
(674,736)	962,456	287,720	(67,106)
14,350,161	50,963,269	65,313,430	(697,063)
<b>\$ 13,675,425</b>	<b>\$ 51,925,725</b>	<b>\$ 65,601,150</b>	<b>\$ (764,169)</b>

# Charter Township of Plymouth

## Governmental Funds Balance Sheet December 31, 2005

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 3)	\$ 5,356,804	\$ 3,583,799	\$ 2,651	\$ 8,943,254
Receivables - Net:				
2006 property taxes	4,696,209	-	-	4,696,209
Other	272,759	395	13,500	286,654
Due from other funds (Note 6)	536,972	1,506,785	-	2,043,757
Advances to Downtown Development Authority	759,178	-	-	759,178
Due from other governmental units	537,899	-	-	537,899
Total assets	<u>\$ 12,159,821</u>	<u>\$ 5,090,979</u>	<u>\$ 16,151</u>	<u>\$ 17,266,951</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 438,418	\$ 1,529,734	\$ -	\$ 1,968,152
Accrued and other liabilities	366,763	-	-	366,763
Due to other funds (Note 6)	13,939	528,731	-	542,670
Due to other governmental units	53,915	-	-	53,915
Deferred revenue (Note 4)	8,150,589	-	13,500	8,164,089
Total liabilities	9,023,624	2,058,465	13,500	11,095,589
<b>Fund Balances</b>				
Reserved for D.D.A. loan repayment	759,178	-	-	759,178
Reserved for long-term due from other fund	-	1,489,607	-	1,489,607
Unreserved, reported in:				
General Fund	2,377,019	-	-	2,377,019
Special Revenue Funds	-	1,542,907	2,651	1,545,558
Total fund balances	<u>3,136,197</u>	<u>3,032,514</u>	<u>2,651</u>	<u>6,171,362</u>
Total liabilities and fund balances	<u>\$ 12,159,821</u>	<u>\$ 5,090,979</u>	<u>\$ 16,151</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds				15,238,206
Grants and other revenues not received within 60 days of year end are not available currently and are not reported in the funds				234,527
Long-term liabilities are not due and payable in the current period and are not reported in the funds				(7,159,028)
Interest amounts on long-term liabilities are not due and payable in the current period and are not reported in the funds				(1,915)
Compensated absences are not due and payable in the current period and are not recorded in the funds				(1,300,227)
Investment in joint venture is not a financial resource and is not reported in the funds				495,000
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds				(2,500)
Net assets of governmental activities				<u>\$ 13,675,425</u>

# Charter Township of Plymouth

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2005

	General Fund	Improvement Revolving Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 6,027,556	\$ -	\$ -	\$ 6,027,556
Licenses and permits	1,123,472	-	-	1,123,472
Federal grants	398,757	4,500	-	403,257
State-shared revenues	2,029,620	-	-	2,029,620
City of Plymouth contribution	1,155,681	-	-	1,155,681
District Court fines	143,516	-	-	143,516
Interest and rents	592,296	166,959	1,605	760,860
Intragovernmental service charge	502,196	-	-	502,196
Other	828,086	1,850,000	249,808	2,927,894
Total revenue	12,801,180	2,021,459	251,413	15,074,052
<b>Expenditures</b>				
Current:				
General government	2,995,556	-	-	2,995,556
Public safety	8,147,989	-	193,661	8,341,650
Planning and building	899,607	-	-	899,607
Community social services	162,366	-	-	162,366
Parks	353,065	-	-	353,065
Capital outlay	-	5,980,923	103,980	6,084,903
Debt service	106,805	383,004	-	489,809
Total expenditures	12,665,388	6,363,927	297,641	19,326,956
<b>Excess of Revenue Over (Under) Expenditures</b>	135,792	(4,342,468)	(46,228)	(4,252,904)
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	-	1,159,946	-	1,159,946
Transfers out (Note 6)	(1,159,946)	-	-	(1,159,946)
Total other financing sources (uses)	(1,159,946)	1,159,946	-	-
<b>Net Change in Fund Balances</b>	(1,024,154)	(3,182,522)	(46,228)	(4,252,904)
<b>Fund Balances - Beginning of year</b>	4,160,351	6,215,036	48,879	10,424,266
<b>Fund Balances - End of year</b>	<u>\$ 3,136,197</u>	<u>\$ 3,032,514</u>	<u>\$ 2,651</u>	<u>\$ 6,171,362</u>

# Charter Township of Plymouth

## **Governmental Funds** **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances (Deficit) of Governmental Funds** **to the Statement of Activities** **Year Ended December 31, 2005**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (4,252,904)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay expenditures	4,446,637
Depreciation expense	(778,454)

In the statement of activities, the loss on sale of assets is recorded; in the funds, the proceeds from sale of assets are reported	(27,225)
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Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33)	(95,648)
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Equity interest in 35th District Courthouse Authority is not reported in the governmental funds	(291,000)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	174,105
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Accrued interest payable is recorded when due in governmental funds	963
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Accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities	148,790
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<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (674,736)</u></b>
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# Charter Township of Plymouth

## Proprietary Funds Statement of Net Assets (Deficit) December 31, 2005

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 10,729,808	\$ -	\$ 307,018	\$ 11,036,826
Receivables - Net	2,117,961	310,238	1,373,475	3,801,674
Due from other funds (Note 6)	1,142	13,939	-	15,081
Prepaid costs, inventory, and other assets	48,942	-	-	48,942
Total current assets	12,897,853	324,177	1,680,493	14,902,523
Noncurrent assets:				
Investment in WTUA (Note 1)	39,300,981	-	-	39,300,981
Nondepreciable capital assets (Note 5)	2,565,944	-	-	2,565,944
Depreciable capital assets - Net (Note 5)	32,175,676	1,106	-	32,176,782
Total noncurrent assets	74,042,601	1,106	-	74,043,707
Total assets	86,940,454	325,283	1,680,493	88,946,230
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	861,924	342,691	220,053	1,424,668
Accrued and other liabilities	35,903	3,657	-	39,560
Due to other funds (Note 6)	25,419	1,142	1,489,607	1,516,168
Current portion of compensated absences (Note 7)	44,346	2,469	-	46,815
Current portion of long-term debt (Note 7)	1,472,412	-	-	1,472,412
Total current liabilities	2,440,004	349,959	1,709,660	4,499,623
Noncurrent liabilities:				
Compensated absences - Net of current portion (Note 7)	72,661	2,709	-	75,370
Long-term debt - Net of current portion (Note 7)	32,445,512	-	-	32,445,512
Total noncurrent liabilities	32,518,173	2,709	-	32,520,882
Total liabilities	34,958,177	352,668	1,709,660	37,020,505
<b>Net Assets (Deficit)</b>				
Investment in capital assets - Net of related debt	34,741,620	1,106	-	34,742,726
Unrestricted	17,240,657	(28,491)	(29,167)	17,182,999
Total net assets (deficit)	<u>\$ 51,982,277</u>	<u>\$ (27,385)</u>	<u>\$ (29,167)</u>	<u>\$ 51,925,725</u>

# Charter Township of Plymouth

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets (Deficit) Year Ended December 31, 2005

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
<b>Operating Revenue</b>				
Sale of water	\$ 3,386,839	\$ -	\$ -	\$ 3,386,839
Sewage disposal charges	4,133,382	-	-	4,133,382
Solid waste charges	-	1,218,858	-	1,218,858
Special assessment charges	-	-	557,350	557,350
Installation charges	38,741	-	-	38,741
Intragovernmental services	91,947	-	-	91,947
Other miscellaneous revenue	151,026	-	-	151,026
Total operating revenue	7,801,935	1,218,858	557,350	9,578,143
<b>Operating Expenses</b>				
Cost of water	2,216,889	-	-	2,216,889
Cost of sewage disposal	2,770,486	-	-	2,770,486
Solid waste disposal	-	1,106,609	-	1,106,609
Salaries and fringe benefits	738,235	85,045	-	823,280
Special assessment project costs	-	-	560,016	560,016
Intragovernmental services charges	502,196	-	-	502,196
Depreciation	1,097,138	221	-	1,097,359
Professional services	3,576	-	-	3,576
Repair and maintenance	399,190	-	-	399,190
Administrative expenses	165,550	-	-	165,550
Miscellaneous	263,710	4,291	-	268,001
Total operating expenses	8,156,970	1,196,166	560,016	9,913,152
<b>Operating Income (Loss)</b>	(355,035)	22,692	(2,666)	(335,009)
<b>Nonoperating Revenue (Expense)</b>				
Meter charges	1,262,645	-	-	1,262,645
Investment income	466,648	-	72,392	539,040
Interest expense	(1,797,662)	-	(108,419)	(1,906,081)
<b>Income (Loss) - Before contributions</b>	(423,404)	22,692	(38,693)	(439,405)
<b>Capital Contributions</b>				
Benefit fees	877,515	-	-	877,515
Lines constructed by developers	524,346	-	-	524,346
Total capital contributions	1,401,861	-	-	1,401,861
<b>Change in Net Assets</b>	978,457	22,692	(38,693)	962,456
<b>Net Assets (Deficit) - Beginning of year</b>	51,003,820	(50,077)	9,526	50,963,269
<b>Net Assets (Deficit) - End of year</b>	<u>\$ 51,982,277</u>	<u>\$ (27,385)</u>	<u>\$ (29,167)</u>	<u>\$ 51,925,725</u>

# Charter Township of Plymouth

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2005

	Water and Sewer Fund	Solid Waste Disposal Fund	Nonmajor Special Assessment District Fund	Total Proprietary Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 7,391,384	\$ 1,204,712	\$ 606,601	\$ 9,202,697
Payments to suppliers	(6,006,735)	(1,120,157)	(473,827)	(7,600,719)
Payments to employees	(753,714)	(83,228)	-	(836,942)
Internal activity - Payments to other funds	(127,821)	-	-	(127,821)
Other receipts	242,973	-	134,372	377,345
Net cash provided by (used in) operating activities	746,087	1,327	267,146	1,014,560
<b>Cash Flows from Capital and Related Financing Activities</b>				
Meter charges	1,262,645	-	-	1,262,645
New customer benefit charges	877,515	-	-	877,515
Purchase of capital assets	(2,555,254)	(1,327)	-	(2,556,581)
Principal and interest paid on capital debt	(2,956,634)	-	(108,419)	(3,065,053)
Net cash used in capital and related financing activities	(3,371,728)	(1,327)	(108,419)	(3,481,474)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	466,648	-	72,392	539,040
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,158,993)	-	231,119	(1,927,874)
<b>Cash and Cash Equivalents - Beginning of year</b>	12,888,801	-	75,899	12,964,700
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 10,729,808</b>	<b>\$ -</b>	<b>\$ 307,018</b>	<b>\$ 11,036,826</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (355,035)	\$ 22,692	\$ (2,666)	\$ (335,009)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	1,097,138	221	-	1,097,359
Changes in assets and liabilities:				
Receivables	(167,578)	(14,146)	49,251	(132,473)
Due from other funds	37,729	11,727	-	49,456
Prepays, inventory, and other assets	3,963	-	-	3,963
Accounts payable	145,349	(22,044)	86,189	209,494
Accrued and other liabilities	(15,479)	1,817	-	(13,662)
Due to other funds	-	1,060	134,372	135,432
Net cash provided by operating activities	<b>\$ 746,087</b>	<b>\$ 1,327</b>	<b>\$ 267,146</b>	<b>\$ 1,014,560</b>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2005, the Water and Sewer Fund received \$524,346 of lines donated by developers.

# Charter Township of Plymouth

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## **Fiduciary Funds Statement of Assets and Liabilities December 31, 2005**

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents (Note 3)</b>	<b><u>\$ 6,108,862</u></b>
<b>Liabilities</b>	
Due to other governmental units	\$ 5,426,173
Deposits for developers and refundables	278,284
Deposits for building bonds	<u>404,405</u>
 Total liabilities	 <b><u>\$ 6,108,862</u></b>

# Charter Township of Plymouth

## Component Units Statement of Net Assets (Deficit) December 31, 2005

	Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Totals
<b>Assets</b>				
Cash and investments (Note 3)	\$ 2,254	\$ 16,226	\$ 121,306	\$ 139,786
Property tax receivable	195,711	-	100,460	296,171
Accounts receivable	-	994	-	994
Total assets	197,965	17,220	221,766	436,951
<b>Liabilities</b>				
Accounts payable	86,293	-	7,198	93,491
Due to other governmental units	52,280	-	-	52,280
Unearned revenue	195,711	-	100,460	296,171
Advances from Plymouth Township	759,178	-	-	759,178
Total liabilities	1,093,462	-	107,658	1,201,120
<b>Net Assets (Deficit) - Unrestricted</b>	<b>\$ (895,497)</b>	<b>\$ 17,220</b>	<b>\$ 114,108</b>	<b>\$ (764,169)</b>

# Charter Township of Plymouth

## Component Units Statement of Activities Year Ended December 31, 2005

		Net (Expense) Revenue and Changes in Net Assets			
		Downtown Development Authority	Economic Development Corporation	Brownfield Redevelopment Authority	Total
	Expenses				
<b>Downtown Development Authority -</b>					
Public works	\$ 227,159	\$ (227,159)	\$ -	\$ -	\$ (227,159)
<b>Economic Development Corporation -</b>					
Public works	-	-	-	-	-
<b>Brownfield Redevelopment Authority -</b>					
Environmental remediation	239,358	-	-	(239,358)	(239,358)
Total governmental activities	<u>\$ 466,517</u>	(227,159)	-	(239,358)	(466,517)
<b>General Revenues</b>					
Property tax capture		68,490	-	327,940	396,430
Interest		658	64	2,259	2,981
Total general revenues		<u>69,148</u>	<u>64</u>	<u>330,199</u>	<u>399,411</u>
<b>Change in Net Assets (Deficit)</b>		(158,011)	64	90,841	(67,106)
<b>Net Assets (Deficit) - Beginning of year</b>		<u>(737,486)</u>	<u>17,156</u>	<u>23,267</u>	<u>(697,063)</u>
<b>Net Assets (Deficit) - End of year</b>		<u>\$ (895,497)</u>	<u>\$ 17,220</u>	<u>\$ 114,108</u>	<u>\$ (764,169)</u>

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Plymouth (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Plymouth:

#### **Reporting Entity**

The Charter Township of Plymouth is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

**Blended Component Units** - The Township Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Township's public buildings. To date, the Township Building Authority has constructed a fire station. It holds no assets; the debt activity has been blended into the General Fund.

**Discretely Presented Component Units** - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, to eliminate blighting influences and brownfield impacts, and to promote the overall image of the downtown district. The Township board of trustees appoints the Downtown Development Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Downtown Development Authority does not publish a separately issued financial statement. The Downtown Development Authority can be contacted at its administrative offices as follows:

Downtown Development Authority  
42350 Ann Arbor Road  
Plymouth, MI 48170

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, primarily through loans to eligible businesses. The Township board of trustees appoints the Economic Development Corporation's governing body, and has the ability to impose its will. It is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Economic Development Corporation does not publish a separately issued financial statement. The Economic Development Corporation can be contacted at its administrative offices as follows:

Economic Development Corporation  
42350 Ann Arbor Road  
Plymouth, MI 48170

The Brownfield Redevelopment Authority was created to finance environmental cleanup within the boundaries of the Township. The Township board of trustees appoints the Brownfield Redevelopment Authority's governing body, and has the ability to impose its will. It is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the Township. The Brownfield Redevelopment Authority does not publish a separately issued financial statement. The Brownfield Redevelopment Authority can be contacted at its administrative offices as follows:

Brownfield Redevelopment Authority  
42350 Ann Arbor Road  
Plymouth, MI 48170

**Jointly Governed Organizations** - The Township is a member of the Western Townships Utilities Authority, which provides sewage disposal services to the Townships of Canton, Northville, and Plymouth. The participating communities provide annual funding for its operations through payment of monthly sewer use invoices and semi-annual debt payments. During the current year, the Township paid the Western Townships Utilities Authority approximately \$2,130,000 for its operations, \$3,027,000 for its debt, and \$744,000 for capital project costs. The Western Townships Utilities Authority has currently been funded with \$204,000 of working capital and is current in its debt payments. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the Western Townships Utilities Authority can be obtained from the administrative offices at 40905 Joy Road, Canton, MI 48187.



# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The Township is a member of the 35<sup>th</sup> District Court System, which provides judicial services to the Township and several other surrounding communities. The Township appoints one member to the joint venture's board, which then approves the annual budget. The Township and the other member communities have agreed to become guarantors of bonds issued by the District Court Building Authority during 1999. The Township's portion of the guaranteed debt is less than \$1,000,000. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments. Complete financial statements for the 35<sup>th</sup> District Court can be obtained from the administrative office at 660 Plymouth Rd., Plymouth, MI 48170.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and component unit financial statements. The agency funds have no measurement focus. Under the accrual basis, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Improvement Revolving Fund** - The Improvement Revolving Fund was established to account for revenues and expenditures for certain capital improvements requiring separate accounting and financing. Special assessments are being accounted for in a new fund for all projects started as of January 1, 2004.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary funds:

**Water and Sewer Fund** - The Water and Sewer Fund is used to account for the results of operations for providing water and sewer service to the citizens and businesses of the Township. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

**Solid Waste Disposal Fund** - The Solid Waste Disposal Fund is used to account for the results of operations for providing solid waste services (trash pickup and household hazardous waste disposal) to citizens of the Township. The revenues are generated through a user charge to citizens requesting solid waste services.

The fiduciary activities include the collection of taxes on behalf of the county, school district, and other taxing entities, as well as building bonds and developer deposits that are to be returned upon successful completion of the development or building projects.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, capital outlay for special assessments, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time they are added to the county tax rolls.

The Township's 2004 tax is levied and collectible on December 1, 2004, and is recognized as revenue in the year ended December 31, 2005, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2004 taxable valuation of the Township totaled approximately \$1,908,000,000 (a portion of which is captured by the DDA and BRDA), on which taxes levied consisted of .8173 mills for operating purposes, .8173 mills for fire services, and 1.6348 mills for police and fire services. This resulted in \$1,461,000 for operating, \$1,461,000 for fire services, and \$2,921,000 for police and fire services. These amounts are recognized in the General Fund financial statements as tax revenue (net of reductions for delinquent amounts and prior year tax tribunal changes).

#### **Other General Revenues**

The Township receives state-shared revenue from the State of Michigan based on a percentage of sales tax collections. These revenues are unrestricted and have been reported as general revenues.

The Township receives cable franchise fees that are based on 5 percent of the gross receipts of the cable company. This revenue is unrestricted as to use.

The Township owns a golf course that is run by a management company. The operator of the golf course pays a rental fee to the Township. There are no program costs associated with the golf course agreement for the Township, thus the fees have been classified as general revenue on the statement of activities.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Water and sewer transportation lines	50 years
Buildings and improvements	30 to 40 years
Meters and supplies	15 years
Furnishings, vehicles, and equipment	2 to 15 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Typically the fund to which an employee is assigned (and to which their salary and wages are charged to) will also be the fund to liquidate any compensated absences.

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### Note 2 - Stewardship, Compliance, and Accountability

**Fund Deficits** - For the year ended December 31, 2005, the Township has an accumulated fund deficit in the Solid Waste Disposal Fund, which will be eliminated during 2006 as rates were raised near the end of 2005. The Special Assessment Fund has an accumulated deficit, which is expected to be eliminated through future actions of the Township board. The Downtown Development Authority also has an accumulated fund deficit, which will be eliminated with the collection of future property tax captures.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at December 31, 2004		\$ (375,375)
Current year building permit revenue	969,448	
Related expenses (modified accrual basis):		
Direct costs	544,558	
Estimated indirect costs	<u>400,005</u>	
Total construction code expenses	<u>944,563</u>	
Current year surplus		<u>24,885</u>
Cumulative shortfall at December 31, 2005		<u><u>\$ (350,490)</u></u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 3 - Deposits and Investments (Continued)

The Township has designated 10 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$21,141,354 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The component units' had a bank balance of \$142,815. The federal depository insurance coverage pertains to all of the deposits of the Township; hence, the specific coverage pertaining to the component units, if any, is not determinable.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$ 5,011,861	AI	S&P



# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 4 - Deferred Revenue

The Township records unearned revenue for property taxes billed as of December 1 that are to be used in the next year's budget. The Township also records unearned revenue in connection with resources that have been received but not yet earned. In addition, governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property taxes billed for next year's budget	\$ -	\$ 7,678,986
Permit revenue	-	232,000
Grant reimbursement	72,125	-
Other	<u>162,402</u>	<u>18,576</u>
Total	<u>\$ 234,527</u>	<u>\$ 7,929,562</u>

The Brownfield Redevelopment Authority and the Downtown Development Authority record unearned revenue for property taxes billed as of December 1 that are to be used in the next year's budget. Unearned revenue recorded for the component units as of December 31, 2005 is \$314,171.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2005	Additions	Disposals and Adjustments	December 31, 2005
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 4,099,376	\$ -	\$ -	\$ 4,099,376
Construction in progress	528,513	4,113,830	157,594	4,484,749
Subtotal	4,627,889	4,113,830	157,594	8,584,125
Capital assets being depreciated:				
Buildings and improvements	7,030,599	-	(480,085)	7,510,684
Furnishings, vehicles, and equipment	7,706,592	332,806	515,054	7,524,344
Subtotal	14,737,191	332,806	34,969	15,035,028
Accumulated depreciation:				
Buildings and improvements	3,469,713	120,056	(23,194)	3,612,963
Furnishings, vehicles, and equipment	4,298,118	658,398	188,532	4,767,984
Subtotal	7,767,831	778,454	165,338	8,380,947
Net capital assets being depreciated	6,969,360	(445,648)	(130,369)	6,654,081
Total capital assets - Net of depreciation	<u>\$ 11,597,249</u>	<u>\$ 3,668,182</u>	<u>\$ 27,225</u>	<u>\$ 15,238,206</u>

	Balance January 1, 2005	Additions	Disposals and Adjustments	Balance December 31, 2005
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	650,000	-	-	650,000
Construction in process	-	1,915,944	-	1,915,944
Subtotal	650,000	1,915,944	-	2,565,944
Capital assets being depreciated:				
Water and sewer transportation lines	47,190,196	529,455	-	47,719,651
Buildings and improvements	1,561,277	-	-	1,561,277
Meters and supplies	1,480,637	78,281	69,572	1,489,346
Equipment and other	773,732	19,054	8,025	784,761
Subtotal	51,005,842	626,790	77,597	51,555,035
Accumulated depreciation:				
Water and sewer transportation lines	16,217,879	951,525	-	17,169,404
Buildings and improvements	565,159	41,877	-	607,036
Meters and supplies	999,778	60,863	69,572	991,069
Equipment and other	575,675	43,094	8,025	610,744
Subtotal	18,358,491	1,097,359	77,597	19,378,253
Net capital assets being depreciated	32,647,351	(470,569)	-	32,176,782
Total capital assets - Net of depreciation	<u>\$ 33,297,351</u>	<u>\$ 1,445,375</u>	<u>\$ -</u>	<u>\$ 34,742,726</u>

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 129,257
Public safety:	
Police	245,503
Fire	229,354
Dispatching	37,096
Building inspections	9,233
Planning and zoning	4,195
Public works	9,125
Parks	<u>114,691</u>
Total governmental activities	<u>\$ 778,454</u>

Business-type activities:

Water and sewer	\$ 1,097,138
Solid waste disposal	<u>221</u>
Total business-type activities	<u>\$ 1,097,359</u>

**Construction Commitments** - The Township has active construction projects at year end for the construction of the new Town Hall. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Town hall construction and related contracts	\$ 5,435,541	\$ 9,396,910

**Future Commitments** - At the end of 2005, the Township entered into contracts to build a new water tower for approximately \$1.5 million. The project will be funded by Water and Sewer Fund balance.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 5 - Capital Assets (Continued)

There is a resolution for the Township to fund \$1,021,750 for a grade-separation at a railroad crossing. In February 2006, the Township board approved the issuance of approximately \$995,000 of bonds to cover the majority of its share of the project costs. It is anticipated that the bonds will be repaid over a 20-year period. The remaining funding for the project is being provided by state and federal grants and the City of Plymouth.

Brownfield redevelopment costs of approximately \$296,000 have been incurred by property owners in the brownfield district. These costs will be paid for through future property tax collections. The Township is not responsible for costs incurred in excess of property taxes captured.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Improvement Revolving Fund	\$ 528,731
	Water and Sewer Fund	8,241
Improvement Revolving Fund	Water and Sewer Fund	17,178
	Special Assessment Fund	1,489,607
Subtotal - Governmental funds		2,043,757
Water and Sewer Fund	Solid Waste Disposal Fund	1,142
Solid Waste Disposal Fund	General Fund	13,939
Subtotal - Proprietary funds		15,081
Total		<u>\$ 2,058,838</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

#### Interfund Transfers

Fund Transferred from	Fund Transferred to	Amount
General Fund	Improvement Revolving Fund	<u>\$ 1,159,946</u>

The transfer from the General Fund to the Improvement Revolving Fund represents the annual amount set aside to fund future capital projects (principally fire equipment and the new Town Hall).

### Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds and installment purchase agreements are direct obligations and pledge the full faith and credit of the Township.

Description	Amount
1993 Building Authority bond originally issued for \$995,000, used to construct the fire station, bearing interest from 5.90% to 6.10%, with principal maturity ranges from \$90,000 to \$95,000, maturing in 2007	\$ 190,000
2003 installment purchase agreement originally issued for \$1,173,773, used for Lake Pointe Soccer Park, bearing interest at 3.60%, with principal maturity ranges from \$59,639 to \$116,119, maturing in 2015	969,028
2004 General Obligation bond originally issued for \$6,000,000, used to design and construct the new town hall, bearing interest from 3.50% to 4.85%, with principal maturity ranges from \$75,000 to \$500,000, maturing in 2025	<u>6,000,000</u>
Total governmental activities	7,159,028
2001 contractual obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$17,448,892, bearing interest from 3.50% to 5.25%, with principal maturity ranges from \$156,082 to \$1,705,482, maturing in 2018	16,081,614
2002 contractual obligation to WTUA to service a portion of its debt related to construction of sewage collection and retention facilities, with an original obligation amount of \$18,289,494, bearing interest from 3.00% to 5.00%, with principal maturity ranges from \$285,255 to \$1,611,929, maturing in 2022	<u>17,836,310</u>
Total business-type activities	<u>33,917,924</u>
Total	<u>\$ 41,076,952</u>

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligations	\$ 7,333,133	\$ -	\$ (174,105)	\$ 7,159,028	\$ 257,175
Compensated balances	1,331,521	37,429	(68,723)	1,300,227	570,681
Total governmental activities	<u>\$ 8,664,654</u>	<u>\$ 37,429</u>	<u>\$ (242,828)</u>	<u>\$ 8,459,255</u>	<u>\$ 827,856</u>
<b>Business-type Activities</b>					
2001 contractual obligation	\$ 18,040,350	\$ -	\$ (1,016,000)	\$ 17,024,350	1,016,000
Less deferred amount on 2001 refunding	(1,015,254)	-	72,518	(942,736)	(72,519)
Net 2001 contractual obligation	17,025,096	-	(943,482)	16,081,614	943,481
2002 Contractual Obligation	18,347,825	-	(297,825)	18,050,000	541,500
Less:					
Unamortized bond issue costs on 2002 issue	(60,884)	-	3,382	(57,502)	(3,382)
Unamortized discount on 2002 issue	(165,376)	-	9,188	(156,188)	(9,187)
Net 2002 contractual obligation	<u>18,121,565</u>	<u>-</u>	<u>(285,255)</u>	<u>17,836,310</u>	<u>528,931</u>
Total contractual obligations	35,146,661	-	(1,228,737)	33,917,924	1,472,412
Compensated absences	107,368	14,817	-	122,185	46,815
Total business-type activities	<u>\$ 35,254,029</u>	<u>\$ 14,817</u>	<u>\$ (1,228,737)</u>	<u>\$ 34,040,109</u>	<u>\$ 1,519,227</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 257,175	\$ 307,101	\$ 564,276	\$ 1,472,412	\$ 1,735,586	\$ 3,207,998
2007	285,356	295,595	580,951	1,472,412	1,660,586	3,132,998
2008	243,653	283,000	526,653	1,779,912	1,580,171	3,360,083
2009	247,070	273,960	521,030	1,792,612	1,484,063	3,276,675
2010	275,612	264,793	540,405	1,906,912	1,387,289	3,294,201
2011-2015	1,750,162	1,141,598	2,891,760	12,070,759	5,311,469	17,382,228
2016-2020	1,800,000	794,975	2,594,975	10,379,547	2,177,433	12,556,980
2021-2025	<u>2,300,000</u>	<u>341,625</u>	<u>2,641,625</u>	<u>3,043,358</u>	<u>248,058</u>	<u>3,291,416</u>
Total	<u>\$ 7,159,028</u>	<u>\$ 3,702,647</u>	<u>\$ 10,861,675</u>	<u>\$ 33,917,924</u>	<u>\$ 15,584,655</u>	<u>\$ 49,502,579</u>

# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and employee medical benefit claims, and participates in the Michigan Municipal Risk Management Authority for claims relating to general liability claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2005	2004
Unpaid claims - Beginning of year	\$ 120,000	\$ 5,000
Incurred claims (including claims incurred but not reported, and adjustments of prior years' estimates)	135,708	358,843
Claim payments	(253,208)	(243,843)
Unpaid claims - End of year	<u>\$ 2,500</u>	<u>\$ 120,000</u>

# Charter Township of Plymouth

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## Notes to Financial Statements December 31, 2005

### **Note 9 - Defined Contribution Pension Plan**

The Township provides pension benefits to its full-time general office and DPW employees through a defined contribution plan (police and fire personnel are provided a defined benefit plan, as discussed in the following footnote). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by Township board resolution, the Township contributes 15 percent of employees' base earnings and certain employees contribute 5 percent of base earnings, with an additional 5 percent allowed.

The current year contribution was calculated based on covered payroll of \$4,939,521, resulting in an employer contribution of \$740,932 and employee contributions of \$153,277.

### **Note 10 - Defined Benefit Pension Plan**

**Plan Description** - Beginning in 2005, the Township began participating in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all police and fire union employees plus certain command officers. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way., Lansing, MI 48917.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units. The police agreement requires a contribution from the employer of 13.5 percent of wages; the employees contribute the difference between the actuarial required contribution rates less the 13.5 percent employer portion. The firefighter agreement requires the first 2 percent contribution to be made by the employee, the next 13.5 percent by the employer, the next 5 percent by the employee, and any remaining to be paid by the employer.

**Annual Pension Cost** - For year ended December 31, 2005, the Township's annual pension cost of \$196,885 for the plan was equal to the Township's required and actual contribution. This amount includes the portion paid directly by the City of Plymouth of \$33,466. The annual required contribution was determined by the initial actuarial valuation dated February 1, 2005 for firefighters, and October 1, 2005 for police officers.



# Charter Township of Plymouth

## Notes to Financial Statements December 31, 2005

### Note 10 - Defined Benefit Pension Plan (Continued)

The valuations used the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 3 percent to 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a 15- to 20-year closed basis (the amortization period is reestablished with each valuation).

**Three-year Trend Information** - Because 2005 is the initial year of benefits, three-year trend information is not yet available. Both plans have received one actuarial valuation, summarized as follows:

	Police	Fire
Actuarial value of assets	\$ 4,372,823	\$ 4,593,618
Actuarial accrued liability	6,711,328	5,209,358
Unfunded AAL	2,338,505	615,740
Funded ratio	65.2%	88.2%
Covered payroll	2,629,105	1,618,493
UAAL as a percentage of covered payroll	88.9%	38.0%

### Note 11 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to certain retirees and their beneficiaries. The Township pays a significant portion of the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the Township's group rates. Currently, 24 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2005, the Township made payments for postemployment health benefit premiums of approximately \$203,000. The Township obtains health care coverage through private insurers.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2007.

## **Required Supplemental Information**

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# Charter Township of Plymouth

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,049,000	\$ 5,895,000	\$ 5,965,533	\$ 70,533
State-shared revenue	2,100,000	2,060,000	2,029,620	(30,380)
Licenses and permits	736,000	1,096,000	1,123,472	27,472
Fines and forfeitures	200,000	300,000	317,242	17,242
City of Plymouth fire contribution	881,556	959,230	898,430	(60,800)
City of Plymouth dispatch contribution	230,532	246,022	257,251	11,229
Charges for services	80,000	50,000	62,727	12,727
Interest and rents	925,000	825,000	735,812	(89,188)
Federal grants	349,000	266,595	398,757	132,162
Miscellaneous	540,000	490,000	510,140	20,140
Intragovernmental service charge	505,000	480,000	502,196	22,196
Total revenue	12,596,088	12,667,847	12,801,180	133,333
Contribution from (to) fund balance	(30,132)	1,906,368	1,024,154	(882,214)
Total sources of funds	<u>\$ 12,565,956</u>	<u>\$ 14,574,215</u>	<u>\$ 13,825,334</u>	<u>\$ (748,881)</u>
<b>Expenditures</b>				
General government	\$ 3,036,576	\$ 3,206,020	\$ 2,995,556	\$ 210,464
Public safety	8,050,671	8,591,824	8,147,989	443,835
Building	523,193	572,118	544,558	27,560
Community development	356,239	422,923	355,049	67,874
Park	293,639	364,579	353,065	11,514
Grants	149,000	149,000	162,366	(13,366)
Debt service	106,692	106,805	106,805	-
Capital improvement	49,946	1,160,946	1,159,946	1,000
Total expenditures	<u>\$ 12,565,956</u>	<u>\$ 14,574,215</u>	<u>\$ 13,825,334</u>	<u>\$ 748,881</u>

# Charter Township of Plymouth

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Improvement Revolving Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal sources	\$ -	\$ -	\$ 4,500	\$ 4,500
Interest and rents	125,000	100,000	166,959	66,959
Sale of capital assets	3,000,000	-	-	-
Construction funded by water and sewer fund	1,850,000	1,850,000	1,850,000	-
Transfer from other funds	1,360,946	1,360,946	1,159,946	(201,000)
Total revenue	6,335,946	3,310,946	3,181,405	(129,541)
<b>Expenditures</b>				
Capital outlay	14,395,905	7,595,905	5,980,923	1,614,982
Debt payment	522,000	383,778	383,004	774
Total expenditures	14,917,905	7,979,683	6,363,927	1,615,756
<b>Change in Fund Balance</b>	(8,581,959)	(4,668,737)	(3,182,522)	(1,745,297)
<b>Fund Balance (Deficit)</b>				
Beginning of year	5,575,022	5,575,022	6,215,036	640,014
End of year	<u>\$ (2,366,923)</u>	<u>\$ 906,285</u>	<u>\$ 3,032,514</u>	<u>\$ 2,126,229</u>

# Charter Township of Plymouth

## Note to Required Supplemental Information December 31, 2005

### Note - Budgetary Information

The Township adopts a formal budget for the General Fund and all Special Revenue Funds on a basis consistent with generally accepted accounting principles. By August 1 of each year, all department heads submit spending requests to the Township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the Township board for review. Public hearings are held, and a final budget is adopted no later than November 1. The Township board must approve any budget amendments.

Appropriations are adopted by the Township board on an activity basis, as reported on pages 43 and 44 of these financial statements. Michigan law requires expenditures to be within budget at this level. During the year, the Charter Township of Plymouth incurred expenditures that were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual	Variance
General Fund - Grants	\$ 149,000	\$ 162,366	\$ (13,366)
911 Communications Fund - Public safety	135,000	184,576	(49,576)

The unfavorable expenditure variance in the General Fund occurred due to additional costs associated with a multi-year grant project at Friendship Station Senior Center. The unfavorable expenditure variance in the 911 Communications Fund occurred due to additional revenues being received and spent than expected.

During the current year, the budget was amended in a legally permissible manner. However, the General Fund had expenditures budgeted over revenue. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. The amount of encumbrances outstanding at December 31, 2005 has not been calculated. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

## **Other Supplemental Information**

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# Charter Township of Plymouth

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds December 31, 2005

	Special Revenue Funds		Total Nonmajor Governmental Funds
	911 Communications	Drug Forfeiture	
<b>Assets</b>			
Cash and investments	\$ -	\$ 2,651	\$ 2,651
Receivables - Net	13,500	-	13,500
Total assets	<u>\$ 13,500</u>	<u>\$ 2,651</u>	<u>\$ 16,151</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b> - Deferred revenue	\$ 13,500	\$ -	\$ 13,500
<b>Fund Balances</b> - Unreserved	-	2,651	2,651
Total liabilities and fund balances	<u>\$ 13,500</u>	<u>\$ 2,651</u>	<u>\$ 16,151</u>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended December 31, 2005

	Special Revenue Funds		Total Nonmajor Governmental Funds
	911 Communications	Drug Forfeiture	
<b>Revenue</b>			
Interest income	\$ -	\$ 1,605	\$ 1,605
Forfeitures	-	65,232	65,232
Other	<u>184,576</u>	<u>-</u>	<u>184,576</u>
Total revenue	184,576	66,837	251,413
<b>Expenditures - Public safety</b>	<u>184,576</u>	<u>113,065</u>	<u>297,641</u>
<b>Excess of Expenditures Over Revenue</b>	-	(46,228)	(46,228)
<b>Fund Balances - Beginning of year</b>	<u>-</u>	<u>48,879</u>	<u>48,879</u>
<b>Fund Balances - End of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 2,651</u></u>	<u><u>\$ 2,651</u></u>



# Charter Township of Plymouth

## Other Supplemental Information Budgetary Comparison Schedule 911 Communication Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - 911 income</b>	\$ 169,000	\$ 169,000	\$ 184,576	\$ 15,576
<b>Expenditures - Public safety</b>	<u>135,000</u>	<u>135,000</u>	<u>184,576</u>	<u>(49,576)</u>
<b>Net Revenue</b>	34,000	34,000	-	(34,000)
<b>Fund Balance</b>				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ 34,000</u></u>	<u><u>\$ 34,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (34,000)</u></u>

# Charter Township of Plymouth

## Other Supplemental Information Budgetary Comparison Schedule Drug Forfeiture Fund Year Ended December 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Forfeitures and interest income	\$ 5,000	\$ 65,000	\$ 66,837	\$ 1,837
<b>Expenditures</b> - Public safety	<u>36,900</u>	<u>114,640</u>	<u>113,065</u>	<u>1,575</u>
<b>Net Expenditures</b>	(31,900)	(49,640)	(46,228)	3,412
<b>Fund Balance</b>				
Beginning of year	<u>51,123</u>	<u>51,123</u>	<u>48,879</u>	<u>(2,244)</u>
End of year	<u><u>\$ 19,223</u></u>	<u><u>\$ 1,483</u></u>	<u><u>\$ 2,651</u></u>	<u><u>\$ 1,168</u></u>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2005

	General Agency	Tax Collections	Totals
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 682,689</u></b>	<b><u>\$ 5,426,173</u></b>	<b><u>\$ 6,108,862</u></b>
<b>Liabilities</b>			
Due to other governmental units	\$ -	\$ 5,426,173	\$ 5,426,173
Deposits for developers and refundables	278,284	-	278,284
Deposits for building bonds	<u>404,405</u>	<u>-</u>	<u>404,405</u>
Total liabilities	<b><u>\$ 682,689</u></b>	<b><u>\$ 5,426,173</u></b>	<b><u>\$ 6,108,862</u></b>

# Charter Township of Plymouth

## Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2005

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b><u>Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 562,347</u></b>	<b><u>\$ 766,511</u></b>	<b><u>\$ 646,169</u></b>	<b><u>\$ 682,689</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 293,464	\$ 293,464	\$ -
Deposits for developers and refundables	198,512	285,634	205,862	278,284
Deposits for building bonds	363,835	188,976	148,406	404,405
Total liabilities	<b><u>\$ 562,347</u></b>	<b><u>\$ 768,074</u></b>	<b><u>\$ 647,732</u></b>	<b><u>\$ 682,689</u></b>
<b><u>Tax Collection Fund</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 5,986,863</u></b>	<b><u>\$ 68,773,835</u></b>	<b><u>\$ 69,334,525</u></b>	<b><u>\$ 5,426,173</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 5,986,863</u></b>	<b><u>\$ 68,900,467</u></b>	<b><u>\$ 69,461,157</u></b>	<b><u>\$ 5,426,173</u></b>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 6,549,210</u></b>	<b><u>\$ 69,540,346</u></b>	<b><u>\$ 69,980,694</u></b>	<b><u>\$ 6,108,862</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 5,986,863	\$ 69,193,931	\$ 69,754,621	\$ 5,426,173
Deposits for developers and refundables	198,512	285,634	205,862	278,284
Deposits for building bonds	363,835	188,976	148,406	404,405
Total liabilities	<b><u>\$ 6,549,210</u></b>	<b><u>\$ 69,668,541</u></b>	<b><u>\$ 70,108,889</u></b>	<b><u>\$ 6,108,862</u></b>

# Charter Township of Plymouth

## Other Supplemental Information Balance Sheet/Statement of Net Assets Downtown Development Authority December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Assets</b>			
Cash and investments	\$ 2,254	\$ -	\$ 2,254
Property tax receivable	<u>195,711</u>	<u>-</u>	<u>195,711</u>
Total assets	<u><b>\$ 197,965</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 197,965</b></u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 86,293	\$ -	\$ 86,293
Due to other government	52,280	-	52,280
Deferred revenue	<u>195,711</u>	<u>-</u>	<u>195,711</u>
Loan payable to Plymouth Township General Fund	<u>-</u>	<u>759,178</u>	<u>759,178</u>
Total liabilities	334,284	759,178	1,093,462
<b>Fund Balance - Unreserved</b>	<u>(136,319)</u>	<u>(759,178)</u>	<u>(895,497)</u>
Total liabilities and fund balance	<u><b>\$ 197,965</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 197,965</b></u>

# Charter Township of Plymouth

## Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Downtown Development Authority Year Ended December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Revenue</b>			
Property taxes	68,490	-	68,490
Interest earnings	658	-	658
Total revenue	69,148	-	69,148
<b>Other Financing Sources - Loan from</b>			
Plymouth Township General Fund	143,514	(143,514)	-
Total revenue and other financing sources	212,662	(143,514)	69,148
<b>Expenditures</b>			
Current:			
Ann Arbor Road improvements	160,523	-	160,523
Contractual services	35,624		35,624
Maintenance - Grounds	9,724	-	9,724
Debt service/ interest expense	21,288	-	21,288
Total expenditures	227,159	-	227,159
<b>Change in Fund Balance/Net Deficit</b>	(14,497)	-	(158,011)
<b>Fund Balance/Net Deficit</b>			
Beginning of year	(121,822)	(615,664)	(737,486)
End of year	<u>\$ (136,319)</u>	<u>\$ (615,664)</u>	<u>\$ (895,497)</u>

# Charter Township of Plymouth

## Other Supplemental Information Balance Sheet/Statement of Net Assets Economic Development Corporation December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Assets</b>			
Cash and investments	\$ 16,226	\$ -	\$ 16,226
Accounts receivable	994	-	994
Total assets	<u>\$ 17,220</u>	<u>\$ -</u>	<u>\$ 17,220</u>
<b>Fund Balance - Unreserved</b>	<u>\$ 17,220</u>	<u>\$ -</u>	<u>\$ 17,220</u>

# Charter Township of Plymouth

## Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Economic Development Corporation Year Ended December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Change in Fund Balance/Net Assets/</b>			
<b>Revenue</b> - Interest earnings	\$ 64	\$ -	\$ 64
<b>Fund Balance/Net Assets</b>			
Beginning of year	17,156	-	17,156
End of year	<u>\$ 17,220</u>	<u>\$ -</u>	<u>\$ 17,220</u>



# Charter Township of Plymouth

## Other Supplemental Information Balance Sheet/Statement of Net Assets Brownfield Redevelopment Authority December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Assets</b>			
Cash and investments	\$ 121,306	\$ -	\$ 121,306
Property taxes receivable	<u>100,460</u>	<u>-</u>	<u>100,460</u>
Total assets	<u><b>\$ 221,766</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 221,766</b></u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 7,198	\$ -	\$ 7,198
Deferred revenue	<u>100,460</u>	<u>-</u>	<u>100,460</u>
Total liabilities	107,658	-	107,658
<b>Fund Balance - Unreserved</b>	<u>114,108</u>	<u>-</u>	<u>114,108</u>
Total liabilities and fund balance	<u><b>\$ 221,766</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 221,766</b></u>

# Charter Township of Plymouth

## Other Supplemental Information Statement of Revenue, Expenditures, and Changes in Fund Balance/ Statement of Activities Brownfield Redevelopment Authority Year Ended December 31, 2005

	Modified Accrual	Full Accrual Adjustments	Full Accrual
<b>Revenue</b>			
Property taxes	\$ 327,940	\$ -	\$ 327,940
Interest earnings	<u>2,259</u>	<u>-</u>	<u>2,259</u>
Total revenue	330,199	-	330,199
<b>Expenditures</b> - Current - Environmental remediation	<u>239,358</u>	<u>-</u>	<u>239,358</u>
<b>Change in Fund Balance/Net Assets</b>	90,841	-	90,841
<b>Fund Balance/Net Assets</b>			
Beginning of year	<u>23,267</u>	<u>-</u>	<u>23,267</u>
End of year	<u><u>\$ 114,108</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 114,108</u></u>

## **Statistical Section**

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# Charter Township of Plymouth

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b><u>Expenditures</u></b>					
<b>General Government</b>					
Supervisor	\$ 198,324	\$ 210,050	\$ 241,450	\$ 242,955	\$ 255,617
Information services	311,271	369,323	395,348	479,207	429,210
Assessor	197,341	172,197	204,546	214,234	207,640
Clerk	305,184	214,518	322,481	409,176	554,604
Treasurer	204,208	190,065	214,954	237,744	239,089
Township hall and grounds	160,583	171,466	148,564	184,536	164,495
General operating	231,012	249,871	208,243	418,566	327,963
Boards, commissions, and other	<u>491,111</u>	<u>442,745</u>	<u>421,693</u>	<u>467,957</u>	<u>608,147</u>
Total general government	2,099,034	2,020,235	2,157,279	2,654,375	2,786,765
<b>Public Safety</b>					
Law enforcement	2,271,199	2,494,468	2,671,929	2,957,403	3,444,336
Communications center	316,241	267,606	271,073	384,912	519,581
Fire department	<u>2,037,625</u>	<u>2,061,595</u>	<u>2,248,318</u>	<u>2,407,042</u>	<u>2,706,365</u>
Total public safety	4,625,065	4,823,669	5,191,320	5,749,357	6,670,282
<b>Building</b>	483,180	596,881	687,289	732,027	802,119
<b>Public Services</b>	247,491	279,012	318,073	387,270	376,504
<b>Recreation and Cultural - Parks</b>	396,290	542,481	263,125	360,988	431,110
<b>Health and Welfare</b>	196,558	81,372	37,329	96,970	130,785
<b>Debt Service</b>	<u>97,030</u>	<u>94,930</u>	<u>97,680</u>	<u>100,123</u>	<u>102,243</u>
Total expenditures	8,144,648	8,438,580	8,752,095	10,081,110	11,299,808
<b>Other Financing Uses - Operating transfers out</b>					
Drug Forfeiture Fund	-	-	-	-	-
Improvement Revolving Fund	<u>335,598</u>	<u>281,677</u>	<u>750,647</u>	<u>562,301</u>	<u>527,044</u>
Total other financing uses	<u>335,598</u>	<u>281,677</u>	<u>750,647</u>	<u>562,301</u>	<u>527,044</u>
Total expenditures and other financing uses	<u><b>\$ 8,480,246</b></u>	<u><b>\$ 8,720,257</b></u>	<u><b>\$ 9,502,742</b></u>	<u><b>\$ 10,643,411</b></u>	<u><b>\$ 11,826,852</b></u>

**General Fund Governmental Expenditures by Function  
Last Ten Fiscal Years**

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 397,668	\$ 358,832	\$ 359,823	\$ 369,725	\$ 378,830
271,836	296,428	268,728	291,682	287,244
229,122	241,584	314,793	365,338	248,447
494,014	542,340	491,306	558,698	529,655
321,824	294,456	286,364	307,761	307,979
154,362	140,344	132,451	136,378	153,900
651,519	330,403	341,553	286,072	309,090
<u>627,481</u>	<u>690,354</u>	<u>582,983</u>	<u>599,177</u>	<u>680,411</u>
3,147,826	2,894,741	2,778,001	2,914,831	2,995,556
3,214,704	3,464,033	3,406,567	3,644,507	3,649,335
615,938	742,974	819,675	854,412	954,879
<u>3,174,994</u>	<u>3,190,509</u>	<u>3,274,647</u>	<u>3,373,510</u>	<u>3,543,775</u>
7,005,636	7,397,516	7,500,889	7,872,429	8,147,989
694,171	672,674	608,692	631,973	544,558
431,915	385,107	419,414	384,114	355,049
638,296	234,912	246,550	287,328	353,065
143,076	96,774	163,558	225,623	162,366
<u>103,993</u>	<u>100,352</u>	<u>106,173</u>	<u>106,693</u>	<u>106,805</u>
12,164,913	11,782,076	11,823,277	12,422,991	12,665,388
-	-	51,123	-	-
<u>127,852</u>	<u>267,528</u>	<u>250,359</u>	<u>1,737,001</u>	<u>1,159,946</u>
<u>127,852</u>	<u>267,528</u>	<u>301,482</u>	<u>1,737,001</u>	<u>1,159,946</u>
<b><u>\$ 12,292,765</u></b>	<b><u>\$ 12,049,604</u></b>	<b><u>\$ 12,124,759</u></b>	<b><u>\$ 14,159,992</u></b>	<b><u>\$ 13,825,334</u></b>

# Charter Township of Plymouth

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b><u>Revenue</u></b>					
<b>Property Taxes</b>	\$ 3,234,306	\$ 3,418,163	\$ 3,778,814	\$ 4,117,846	\$ 4,408,297
<b>Licenses, Permits, and Fees</b>					
Cable television franchise fees	119,788	138,161	160,406	199,879	308,936
Building licenses and permits	1,407,324	1,351,602	1,676,951	1,712,318	1,472,753
911 service fees	<u>91,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total licenses, permits, and fees	1,618,596	1,489,763	1,837,357	1,912,197	1,781,689
<b>Grants</b>	196,558	81,372	48,445	260,261	166,095
<b>State-shared Revenue</b>	1,933,268	1,874,208	2,020,149	2,196,699	2,281,115
<b>Charges for Services - Planning     Commission/Board of Appeals</b>	75,498	77,983	93,055	43,857	56,585
<b>Fines and Forfeits - District Courts</b>	262,012	108,053	-	160,080	621,984
<b>Interest and Rent</b>					
Interest on investments	316,118	573,845	611,752	619,169	804,082
Golf course lease	<u>250,000</u>	<u>276,003</u>	<u>300,000</u>	<u>325,000</u>	<u>347,917</u>
Total interest and rent	566,118	849,848	911,752	944,169	1,151,999
<b>Other</b>					
Intergovernmental reimbursements	369,570	355,398	404,728	462,994	462,583
Contribution from City of Plymouth	616,506	636,822	693,610	606,835	877,200
Miscellaneous	<u>745,381</u>	<u>323,870</u>	<u>259,078</u>	<u>509,989</u>	<u>311,549</u>
Total other	<u>1,731,457</u>	<u>1,316,090</u>	<u>1,357,416</u>	<u>1,579,818</u>	<u>1,651,332</u>
Total revenue	<u><b>\$ 9,617,813</b></u>	<u><b>\$ 9,215,480</b></u>	<u><b>\$ 10,046,988</b></u>	<u><b>\$ 11,214,927</b></u>	<u><b>\$ 12,119,096</b></u>

**General Fund Governmental Revenues by Function  
Last Ten Fiscal Years**

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 4,699,081	\$ 5,204,451	\$ 5,624,458	\$ 5,641,737	\$ 6,027,556
304,830	280,950	283,667	295,341	317,242
1,229,773	869,878	750,430	673,820	969,448
-	-	-	-	-
1,534,603	1,150,828	1,034,097	969,161	1,286,690
362,798	247,638	113,770	211,179	398,757
2,569,570	2,412,189	2,169,801	2,048,750	2,029,620
60,873	87,474	131,906	144,541	154,024
408,462	278,632	188,209	104,108	143,516
622,886	234,898	144,167	137,076	271,462
352,083	350,000	350,000	350,000	320,834
974,969	584,898	494,167	487,076	592,296
477,838	488,842	448,330	478,545	502,196
936,837	1,314,574	1,103,710	1,116,037	1,155,681
624,717	626,874	671,153	745,080	510,844
2,039,392	2,430,290	2,223,193	2,339,662	2,168,721
<b><u>\$ 12,649,748</u></b>	<b><u>\$ 12,396,400</u></b>	<b><u>\$ 11,979,601</u></b>	<b><u>\$ 11,946,214</u></b>	<b><u>\$ 12,801,180</u></b>

# Charter Township of Plymouth

## General Fund Balance Compared to Annual Expenditures December 31, 2005 (Unaudited)

<u>Fiscal Year</u>	<u>Reserved Fund Balance</u>	<u>Unreserved Fund Balance</u>	<u>Annual Expenditures</u>	<u>Unreserved Fund Balance as a Percentage of Expenditures</u>
1996	\$ -	\$ 2,933,489	\$ 8,480,246	34.59
1997	-	3,443,350	8,720,257	39.49
1998	-	3,987,596	9,502,742	41.96
1999	-	4,559,112	10,643,411	42.84
2000	1,448,889	3,402,467	11,826,852	28.77
2001	540,776	4,667,563	12,292,765	37.97
2002	407,863	5,147,272	12,049,604	42.72
2002 restated *	407,863	6,111,424	12,049,604	50.72
2003	-	6,374,129	12,124,759	52.57
2004	494,894	3,665,457	14,159,992	25.89
2005	759,178	2,377,019	13,825,334	16.23

\* Relates to accounting change associated with GASB 34.



# Charter Township of Plymouth

## Township Tax Collection History December 31, 2005 (Unaudited)

Fiscal Year	Township Taxes Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy
1996	\$ 3,687,771	\$ 3,573,698	96.91	\$ 99,991	\$ 3,673,689	99.62
1997	4,006,651	3,878,895	96.81	104,734	3,983,629	99.43
1998	4,384,096	4,254,233	97.04	118,114	4,372,347	99.73
1999	4,670,844	4,516,722	96.70	122,426	4,639,148	99.32
2000	4,749,783	4,590,472	96.65	126,165	4,716,637	99.30
2001	5,226,089	5,064,629	96.91	119,524	5,184,153	99.20
2002	5,551,282	5,446,561	98.11	67,663	5,514,224	99.33
2003	5,769,041	5,669,666	98.28	79,114	5,748,780	99.65
2004	6,067,630	5,839,457	96.24	127,656	5,967,113	98.34
2005	7,774,815	7,558,601	97.22	-	7,558,601	97.22

Note: Tax levies not adjusted for subsequent tax adjustments or tax tribunals.

Township levy includes water debt millage through 1999.

# Charter Township of Plymouth

## Taxable Value and Assessed Value of Township Property December 31, 2005 (Unaudited)

Fiscal Year	Real Property Taxable Value	Personal Property Taxable Value	Tax Abated Taxable Value	Total Taxable Value	State Equalized Value	Estimated Actual Value of Property
1996	\$ 865,864,595	\$ 133,992,181	\$ 53,933,940	\$ 1,053,790,716	\$ 1,020,678,177	\$ 2,041,356,354
1997	941,804,484	147,463,080	74,405,480	1,163,673,044	1,124,193,975	2,248,387,950
1998	1,018,297,277	180,880,910	76,958,854	1,276,137,041	1,257,602,580	2,515,205,160
1999	1,097,509,525	206,519,070	89,868,940	1,393,897,535	1,472,452,505	2,944,905,010
2000	1,207,114,195	222,725,600	109,017,830	1,538,857,625	1,658,966,650	3,317,933,300
2001	1,326,999,080	217,798,910	97,142,304	1,641,940,294	1,862,611,820	3,725,223,640
2002	1,428,707,130	214,833,838	108,930,260	1,752,471,228	2,002,201,818	4,004,403,636
2003	1,501,206,576	218,590,040	89,628,270	1,809,424,886	2,122,362,096	4,244,724,192
2004	1,573,908,475	230,142,858	103,778,700	1,907,830,033	2,249,615,836	4,499,231,672
2005	1,646,132,761	243,988,510	107,306,010	1,997,427,281	2,319,366,236	4,638,732,472

# Charter Township of Plymouth

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	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Schools</b>						
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Plymouth-Canton Schools	2.1800	2.1800	2.1800	3.4700	3.1500	3.4900
Schoolcraft Community College	1.8600	1.8600	1.8600	1.8500	1.9789	1.8193
RESA/Special Education	2.0000	2.0000	2.0000	2.0000	1.8311	1.9753
<b>Other</b>						
Wayne County	6.7300	6.7300	6.7300	6.7068	6.6651	6.6556
Plymouth Township	3.5900	3.5600	3.5600	3.4600	3.2000	3.2800
Wayne County Jail	0.9600	0.9600	0.9600	0.9505	0.9446	0.9432
Wayne County Parks	0.2500	0.2500	0.2500	0.2493	0.2477	0.2473
Huron Clinton Metro Parks	0.2300	0.2300	0.2300	0.2218	0.2202	0.2186
Plymouth District Library	<u>1.9400</u>	<u>1.9300</u>	<u>1.9300</u>	<u>1.6650</u>	<u>1.8297</u>	<u>1.7962</u>
 Total millage for year	 <u><b>25.7400</b></u>	 <u><b>25.7000</b></u>	 <u><b>25.7000</b></u>	 <u><b>26.5734</b></u>	 <u><b>26.0673</b></u>	 <u><b>26.4255</b></u>

All rates based on Homestead exemption

Non-homestead rate an additional 18.00 mills

All rates are expressed in dollars per \$1,000 of taxable value

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**Tax Rate History of Direct and Overlapping Governments**  
**December 31, 2005**  
(Unaudited)

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
6.0000	5.0000	6.0000	6.0000
3.3000	3.3000	3.1000	3.4300
1.8043	1.8043	1.7967	1.7967
3.4643	3.4643	3.4643	3.4643
6.6380	6.6380	6.6380	6.6380
3.2694	3.2694	3.2694	4.0000
0.9381	0.9381	0.9381	0.9381
0.2459	0.2459	0.2459	0.2459
0.2170	0.2170	0.2170	0.2146
<u>1.7875</u>	<u>1.7875</u>	<u>1.7778</u>	<u>1.7549</u>
<b><u>27.6645</u></b>	<b><u>26.6645</u></b>	<b><u>27.4472</u></b>	<b><u>28.4825</u></b>

# Charter Township of Plymouth

## Property Taxes Levied December 31, 2005 (Unaudited)

Fiscal Year	Township Taxes	County Taxes	School Tax	State Education	Community College	Library	Total
1996	\$ 3,687,771	\$ 10,430,135	\$ 9,563,740	\$ 6,095,499	\$ 1,903,208	\$ 1,986,124	\$ 33,666,477
1997	4,006,651	11,438,398	10,803,124	6,773,971	2,087,428	2,166,765	37,276,337
1998	4,384,096	12,573,905	12,094,758	7,474,923	2,294,504	2,328,967	41,151,153
1999	4,670,844	13,659,201	15,068,554	8,187,950	2,486,345	2,247,768	46,320,662
2000	4,749,783	14,927,007	16,139,558	9,078,011	2,717,935	2,715,851	50,328,145
2001	5,226,089	15,997,083	17,208,600	9,713,986	2,898,755	2,861,954	53,906,467
2002	5,551,282	19,532,298	17,567,396	10,400,627	3,063,658	3,035,124	59,150,385
2003	5,769,041	20,296,906	17,785,517	8,999,938	3,180,479	3,147,656	59,179,537
2004	6,067,630	21,166,359	18,756,710	11,320,985	3,334,505	3,299,435	63,945,624
2005	7,774,855	22,354,734	20,459,648	11,910,342	3,492,316	3,411,066	69,402,961

## Charter Township of Plymouth

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Taxpayer	Real Taxable Valuation	Personal Property Taxable Valuation	Tax Abated Taxable Valuation	Total Taxable Valuation
Tower Automotive	\$ 4,004,690	\$ 30,040,680	\$ 27,662,100	\$ 61,707,470
Johnson Control	11,252,630	22,143,410	3,040,990	36,437,030
Visteon Corporation	26,228,600	12,932,290	-	39,160,890
Demattia/AEW Realty Co. L.L.C.	31,469,730	-	-	31,469,730
Detroit Edison	359,410	13,579,140	-	13,938,550
Dembs Roth Group	11,935,706	-	-	11,935,706
AFL-CIO	9,396,980	-	-	9,396,980
Compuware Sports Arena	8,934,110	347,710	-	9,281,820
Unisys	5,041,960	3,201,520	-	8,243,480
Federal Mogul	3,260,840	3,880,750	-	7,141,590
Total	<b>\$ 111,884,656</b>	<b>\$ 86,125,500</b>	<b>\$ 30,703,090</b>	<b>\$ 228,713,246</b>

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**Principal Taxpayers**  
**December 31, 2005**  
(Unaudited)

<u>Total Taxes Billed</u>	<u>Percentage of Total Taxes Billed</u>
\$ 2,262,728	3.26
1,820,353	2.62
1,632,130	2.35
1,462,827	2.11
648,899	0.93
556,034	0.80
436,795	0.63
431,441	0.62
383,177	0.55
<u>315,186</u>	<u>0.45</u>
<b><u>\$ 9,949,570</u></b>	<b><u>14.32</u></b>

# Charter Township of Plymouth

## Special Assessments and Collections for the Past Ten Fiscal Years December 31, 2005 (Unaudited)

<u>Fiscal Year</u>	<u>Liens Assessed, Interest Charges, and Adjustments</u>	<u>Collections</u>	<u>Unpaid Balances</u>
1996	\$ 1,675,820	\$ 238,377	\$ 1,546,116
1997	1,362,945	409,530	2,499,531
1998	(290,070)	402,716	1,806,745
1999	78,624	481,206	1,404,163
2000	1,673,461	456,039	2,621,585
2001	413,622	376,930	2,658,277
2002	1,117,631	1,556,726	2,219,182
2003	67,748	864,137	1,422,793
2004	465,988	466,056	1,422,725
2005	575,865	625,115	1,373,475



# Charter Township of Plymouth

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## Computation of Legal Debt Margin December 31, 2005 (Unaudited)

Debt limit - 2005 equalized value	<u>\$ 2,319,366,236</u>
Debt limit (10 percent of equalized valuation)	\$ 231,936,624
Total debt applicable to debt limit	<u>7,159,028</u>
Legal debt margin	<u>\$ 224,777,596</u>

# Charter Township of Plymouth

## Ratio of Annual Debt Service Expenditures for General Obligated Debt December 31, 2005 (Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (Percent)</u>
1996	\$ 50,000	\$ 47,030	\$ 97,030	\$ 8,480,246	1.14
1997	50,000	44,930	94,930	8,720,257	1.09
1998	55,000	42,680	97,680	9,502,742	1.03
1999	60,000	40,123	100,123	10,643,411	0.94
2000	65,000	37,243	102,243	11,826,852	0.86
2001	70,000	33,993	103,993	12,292,765	0.85
2002	70,000	30,352	100,352	12,049,604	0.83
2003	80,000	26,173	106,173	12,125,725	0.88
2004	85,000	21,693	106,693	14,159,992	0.75
2005	90,000	16,805	106,805	13,825,334	0.77

# Charter Township of Plymouth

## Ratio of Net General Obligated Debt to Assessed Value and Net General Obligation Debt Per Capita December 31, 2005 (Unaudited)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Population</u>	<u>General Bonded Debt Outstanding (I)</u>	<u>Percent of General Bonded Debt to Assessed Value</u>	<u>Ratio of General Bonded Debt Per Capita</u>
1995	\$ 834,220,106	25,221	\$ 865,000	0.10	34.30
1996	1,020,678,177	25,645	815,000	0.08	31.78
1997	1,124,193,975	25,493	765,000	0.07	30.01
1998	1,257,602,580	26,163	710,000	0.06	27.14
1999	1,472,452,505	27,087	650,000	0.04	24.00
2000	1,658,966,650	27,798	585,000	0.04	21.04
2001	1,862,611,820	28,443	515,000	0.03	18.11
2002	2,002,201,818	28,585	445,000	0.02	15.57
2003	2,122,362,096	28,783	365,000	0.02	12.68
2004	2,249,615,836	28,033	280,000	0.01	9.99
2005	2,319,366,236	28,170	190,000	0.01	6.74

(I) General obligation bonds reported in the Enterprise Fund with government commitment

# Charter Township of Plymouth

## Computation of Direct and Overlapping Debt December 31, 2005 (Unaudited)

<u>Governmental Unit</u>	<u>Bonds Outstanding</u>	<u>Percentage</u>	<u>Total</u>
Plymouth Township	\$ 6,190,000	100.00	\$ 6,190,000
Plymouth Township	969,028	100.00	969,028
Western Townships Utilities Authority	33,917,924	100.00	<u>33,917,924</u>
Total direct debt			41,076,952
Wayne County	105,148,305	3.92	4,121,814
35th District Court	887,500	100.00	887,500
Plymouth-Canton Schools	211,057,000	34.12	72,012,648
Plymouth District Library	5,195,000	81.49	<u>4,233,406</u>
Total direct and overlapping debt			<u><u>\$ 122,332,320</u></u>

# Charter Township of Plymouth

## Demographic Statistics December 31, 2005 (Unaudited)

Fiscal Year	Population (A)	Per Capita Income	Median Age	Education in Years of Formal Schooling	School Enrollment Plymouth Canton Schools	Unemployment Rate (C)
1996	25,645	(B)	(B)	(B)	15,720	1.40%
1997	25,493	(B)	(B)	(B)	15,746	1.30%
1998	26,163	(B)	(B)	(B)	16,033	1.20%
1999	27,087	(B)	(B)	(B)	16,276	1.20%
2000	27,798	(B)	(B)	(B)	16,333	1.80%
2001	28,443	(B)	(B)	(B)	16,581	2.20%
2002	28,585	(B)	(B)	(B)	16,996	2.50%
2003	28,783	(B)	(B)	(B)	17,810	2.70%
2004	28,033	(B)	(B)	(B)	17,780	3.40%
2005	28,170	(B)	(B)	(B)	18,000	2.90%

(A) Estimated population per Southeast Michigan Council of Governments

(B) Not available

(C) Michigan Employment Security Commission

# Charter Township of Plymouth

## Building Permits, Value of Construction, Bank Deposits, and Assessed Value December 31, 2005 (Unaudited)

<u>Fiscal Year</u>	<u>Building Permits</u>	<u>Construction Value</u>	<u>Community Bank Deposits</u>	<u>Assessed Value</u>
1996	615	\$ 122,335,808	Not available	\$ 1,020,678,177
1997	617	88,441,460	Not available	1,124,193,975
1998	691	105,193,901	Not available	1,257,602,580
1999	664	103,259,396	Not available	1,472,452,505
2000	762	83,429,730	Not available	1,658,966,650
2001	517	77,538,222	Not available	1,862,611,820
2002	354	47,086,207	Not available	2,002,201,818
2003	326	45,798,680	Not available	2,122,362,096
2004	368	42,793,873	Not available	2,249,615,836
2005	328	43,675,962	Not available	2,319,366,236

# Charter Township of Plymouth

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Plymouth Twp. fire runs	590	677	691	718	579	614	666	649
City of Plymouth fire runs	<u>205</u>	<u>263</u>	<u>234</u>	<u>221</u>	<u>202</u>	<u>224</u>	<u>232</u>	<u>205</u>
Total community fire runs	795	940	925	939	781	838	898	854
Plymouth Twp. rescue runs	1,259	1,231	1,268	1,558	1,679	1,691	1,698	1,620
City of Plymouth rescue runs	<u>589</u>	<u>670</u>	<u>695</u>	<u>601</u>	<u>700</u>	<u>687</u>	<u>738</u>	<u>769</u>
Total community rescue runs	<u>1,848</u>	<u>1,901</u>	<u>1,963</u>	<u>2,159</u>	<u>2,379</u>	<u>2,378</u>	<u>2,436</u>	<u>2,389</u>
Total community fire department runs	<u><b>2,643</b></u>	<u><b>2,841</b></u>	<u><b>2,888</b></u>	<u><b>3,098</b></u>	<u><b>3,160</b></u>	<u><b>3,216</b></u>	<u><b>3,334</b></u>	<u><b>3,243</b></u>
Plymouth Twp. runs	1,849	1,908	1,959	2,276	2,258	2,305	2,364	2,269
City of Plymouth runs	<u>794</u>	<u>933</u>	<u>929</u>	<u>822</u>	<u>902</u>	<u>911</u>	<u>970</u>	<u>974</u>
Plymouth Twp. runs	69.96	67.16	67.83	73.47	71.46	71.67	70.91	69.97
City of Plymouth runs	<u>30.04</u>	<u>32.84</u>	<u>32.17</u>	<u>26.53</u>	<u>28.54</u>	<u>28.33</u>	<u>29.09</u>	<u>30.03</u>
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Staffing:								
Officers	6	6	6	6	6	6	6	6
Firefighters	<u>15</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>20</u>	<u>21</u>	<u>21</u>
Total	<u><b>21</b></u>	<u><b>21</b></u>	<u><b>21</b></u>	<u><b>22</b></u>	<u><b>23</b></u>	<u><b>26</b></u>	<u><b>27</b></u>	<u><b>27</b></u>

Source: Plymouth Community Fire Department Annual Reports

Note: City of Plymouth Fire Department merged with Charter Township of Plymouth's Fire Department in 1995.

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**Community Fire Department Runs and Firefighter Staffing**  
**December 31, 2005**  
(Unaudited)

<u>2004</u>	<u>2005</u>
580	555
<u>214</u>	<u>216</u>
794	771
1,600	1,703
<u>697</u>	<u>598</u>
<u>2,297</u>	<u>2,301</u>
<b><u>3,091</u></b>	<b><u>3,072</u></b>
2,180	2,258
911	814
70.53	73.50
<u>29.47</u>	<u>26.50</u>
100.00	100.00
6	6
<u>21</u>	<u>20</u>
<b><u>27</u></b>	<b><u>26</u></b>



# Charter Township of Plymouth

## Net Revenues Available for Water Debt Service December 31, 2005 (Unaudited)

Fiscal Year	Gross Revenue	Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
1996	\$ 7,159,098	\$ 5,579,064	\$ 1,580,034	\$ 533,171	\$ 1,971,681	\$ 2,504,852	0.63
1997	8,388,027	5,159,193	3,228,834	578,045	1,968,583	2,546,628	1.27
1998	7,722,546	6,094,162	1,628,384	1,806,195	1,618,105	3,424,300	0.48
1999	8,289,592	6,430,806	1,858,786	614,678	1,641,614	2,256,292	0.82
2000	7,485,173	6,122,995	1,362,178	777,088	1,495,293	2,272,381	0.60
2001	8,125,238	7,085,115	1,040,123	606,421	1,613,993	2,220,414	0.47
2002	9,818,138	7,317,375	2,500,763	457,701	1,286,424	1,744,125	1.43
2003	9,602,173	6,318,944	3,283,229	310,764	1,764,421	2,075,185	1.58
2004	9,837,175	6,223,051	3,614,124	409,100	1,727,330	2,136,430	1.69
2005	10,408,743	7,059,832	3,348,911	1,144,215	1,812,419	2,956,634	1.13

# Charter Township of Plymouth

## Water and Sewer Rate and Water Consumed - Last Ten Fiscal Years December 31, 2005 (Unaudited)

Fiscal Year	Water Rate Per 1,000 Gallons	Sewer Rate Per 1,000 Gallons	Total Rate Per 1,000 Gallons	Residential Water Consumed in Gallons	Commercial Water Consumed in Gallons	Total Water Consumed in Gallons
1996	\$ 1.47	\$ 1.97	\$ 3.44	828,833,000	634,016,000	1,462,849,000
1997	1.47	1.97	3.44	705,321,000	612,028,000	1,317,349,000
1998	1.47	1.97	3.44	889,621,000	660,146,000	1,549,767,000
1999	1.47	1.97	3.44	952,208,000	691,022,000	1,643,230,000
2000	1.47	1.97	3.44	785,681,000	637,773,000	1,423,454,000
2001	1.80	2.30	4.10	934,966,000	680,071,000	1,615,037,000
2002	2.20	2.72	4.92	1,023,625,000	707,027,000	1,730,652,000
2003	2.14	2.72	4.86	842,507,000	665,699,000	1,508,206,000
2004	2.14	2.72	4.86	797,856,000	665,190,000	1,463,046,000
2005	2.14	2.72	4.86	910,083,000	700,846,000	1,610,929,000

# Charter Township of Plymouth

## Miscellaneous Statistical Data December 31, 2005 (Unaudited)

Date of incorporation	April 12, 1827
Township Charter adopted	1977
Form of government	Charter Township
Area of Township	16.6 square miles
<b>Miles of Street and Sidewalks*</b>	
Streets - Paved	139.5
Streets - Unpaved	4
Sidewalks	Not available
<b>Fire and Emergency Medical Protection</b>	
Stations	3
Employees - Sworn firefighters/paramedics	26
Employees - Sworn firefighters	2
Part paid - Sworn firefighters	6
Employees - Civilian	1
<b>Police Protection</b>	
Stations	1
Employees - Sworn	31
Employees - Civilian	15
Vehicular patrol units:	
Patrol cars	14
Motorcycles	2
Other vehicles	4
<b>Water and Sewer</b>	
Water customers:	
Residential	8,460
Commercial	1,142
Miles of water mains	175
Miles of sanitary sewers	140
<b>Recreation</b>	
Township park acreage	112.5
Township parks	5
Wayne County parks	1
Private subdivision parks	32
Seniors centers	1
Golf courses	2
Ice arenas	2
School playgrounds	7
Little League baseball fields	4
Soccer fields	4

\* Township is not responsible for maintenance and repair of streets and sidewalks.



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April 17, 2006

To the Board of Trustees  
Charter Township of Plymouth  
42350 Ann Arbor Road  
Plymouth, Michigan 48170-4394

Dear Board of Trustees:

We recently completed our audit of the basic financial statements of the Charter Township of Plymouth for the year ended December 31, 2005. As a result of our audit, we have the following comments and recommendations for your review and consideration.

### **State-shared Revenue**

As you are aware, the continuing budgetary challenges faced by the State impact the Township through its revenue-sharing payments. State-shared revenue accounted for approximately 16 percent of the Township's General Fund revenue and approximately 22 percent of government-wide general revenues for the calendar year ended December 31, 2005. These percentages have eroded over the past five years, due to the State's economic troubles. This has clearly impacted the Township's ability to finance operations and capital spending. While the declines in this funding source experienced in recent years appear to have slowed, it is clear that the total amount of money distributed is unlikely to increase without significant changes to the State's revenue structure. At this time, revenue-sharing payments for fiscal year 2006 are anticipated to be just slightly below the 2005 levels (99.3622 percent of 2005 levels), and the 2007 projected budget is level with 2006. There appears to be no long-term solution to the State's structural deficit in its General Fund and as long as this condition exists, revenue sharing remains at risk and a return to past funding levels is not likely in the foreseeable future.

It is important to recognize that the authority for the statutory portion of revenue sharing terminates at September 30, 2007. This portion represents approximately \$700,000 of the \$5,470,000 distribution. We have not heard any significant discussion in Lansing regarding the plans for renewal at this time, but it would be appropriate to begin discussions with your state representative regarding the importance of the revenue-sharing program. The long run health of the state shared revenue may well be dependent on the State's current project to reform its business tax structure.



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## **Tax Matters**

The governor and the Legislature spent considerable time in 2005 on business tax reform with specific focus on the Michigan single business tax. The final approved business tax reform plan appeared to spare local governments from any negative impact of the changes. A key component to this plan is a significant credit on personal property taxes paid by certain businesses. Many questions have arisen from these proposals such as who determines the property that qualifies for credit, how will local governments be reimbursed by the State for the lost tax revenue as is the stated intention, etc. Currently, the plan as passed provides for a personal property tax credit for certain businesses on their Michigan single business tax return. After the approval of these changes, new discussion and debate is ongoing regarding the complete repeal of the Michigan single business tax. While single business tax is not the source of revenue-sharing payments to local governments, the repeal of the single business tax without replacement revenue or a corresponding reduction in State spending may impact the State's ability to fund statutory revenue sharing.

The loophole involving the inconsistent treatment of the assessment of commercial property is commonly referred to as the "WPW Case" involving the City of Troy and was discussed in the Fall legislative session. The inconsistent treatment occurs when the taxable value of a commercial property is reduced based on a loss in occupancy and a corresponding increase will not occur when occupancy increases resulting in a permanent taxable cap on property (subject to annual inflationary increases). This method of assessing commercial property (known as the "occupancy method") has been used by assessors to give commercial property owners a break when occupancy of their property has decreased and then to restore the taxable value of the property consistent with previous levels when occupancy increases. There are two bills in the House currently (House Bills 5096 and 5097) that have received hearings and consideration which would address this matter.

## **Telecommunications Act Changes**

Changes were made by the Legislature to restrict the ability of local governments to engage in telecommunications activities. Additionally, threats exist at both the federal and State level to restrict or eliminate the ability of local governments to regulate and franchise cable television, which would impact franchise fees received by local governments. We encourage the Township to monitor these developments closely given the impact that a reduction in cable franchise fees could have on the Township's budget.

April 17, 2006

### **Municipal Finance Act Revisions - Reminder**

The Municipal Finance Act was amended several years ago. Communities are now required to submit a filing once a year with the Michigan Department of Treasury. The old 10-day "exemption from prior approval" process has been eliminated and is replaced with this qualification process. This filing will serve as a pre-approval for future debt issues. The current filing is due within six months of the Township's year end (December 31, 2005) and is good for one year thereafter. The Township should consider the need to file a qualifying statement for each of its component units (Downtown Development Authority and Brownfield Redevelopment Authority).

### **Retiree Health Care Benefits**

Two new accounting pronouncements were recently issued by the Governmental Accounting Standards Board (GASB). GASB 43 and 45 address the accounting and disclosures related for postemployment benefits other than pensions. In short, these pronouncements will require communities to account for and disclose liabilities related to health care promises to retirees, much in the same way that pensions are handled. Starting in fiscal year 2008, the Township will be required to measure its retiree health care liability through actuarial valuations that are to be performed biennially. These valuations will compute an "annual required contribution." The annual required contribution is the amount the actuary believes is necessary to fund the benefit over a period of 30 years or less.

These new rules will only impact the individual fund-based financial statements to the extent municipalities choose to fund this cost in advance. Therefore, the manner in which retiree health care benefits are budgeted will not change, unless you begin funding the benefits. We again encourage the Township, as part of its preparation for the implementation of GASB 45, to soon consider exploring the impact of this pronouncement on the Township with the assistance of an actuary.

### **Closing**

We would like to thank you and your staff for the courtesy and cooperation extended to us during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in dark ink, reading "Joseph C. Heffernan". The signature is written in a cursive, flowing style.

Joseph C. Heffernan